



**COUNTY OF LOS ANGELES
TREASURER AND TAX COLLECTOR**

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MARK J. SALADINO

TREASURER AND TAX COLLECTOR

July 27, 2006

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

**ISSUANCE AND SALE OF
COVINA-VALLEY UNIFIED SCHOOL DISTRICT
(COUNTY OF LOS ANGELES, CALIFORNIA)
GENERAL OBLIGATION BONDS, ELECTION OF 2006, SERIES A
(FIRST AND FIFTH DISTRICTS - 3 VOTES)**

IT IS RECOMMENDED THAT YOUR BOARD:

Adopt the Resolution authorizing the issuance and sale of general obligation bonds of the Covina-Valley Unified School District in an aggregate principal amount of not to exceed \$47,000,000.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The Governing Board of the Covina-Valley Unified School District (the District) adopted a resolution on July 17, 2006 and determined that the District needs to borrow funds in an aggregate principal amount of not to exceed \$47,000,000 to be used for authorized purposes.

On June 6, 2006, an election was held whereby voters residing in the District approved a ballot measure authorizing the District to issue \$66,000,000 in general obligation bonds for various qualifying purposes. This is the first issuance of bonds authorized under this ballot measure.

Pursuant to Section 15140 of the Education Code, this Board of Supervisors is responsible for offering the District's bonds for sale. Such bonds shall be issued in the name and on behalf of such school district by the Board of Supervisors of the County of Los Angeles following receipt of the District Resolution requesting such borrowing.

Implementation of Strategic Plan Goals

This action supports the County's Strategic Plan Goal of Service Excellence by providing one-stop service delivery to the District. It supports the Strategic Plan Goal of Organizational Effectiveness through collaborative actions among County departments and other governmental jurisdictions. It supports the Strategic Plan Goal of Fiscal Responsibility by providing investment in, and development of, public school infrastructure in this County.

FISCAL IMPACT/FINANCING

None to the County. All debt will be paid by the District.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The Resolution provides for issuance of the Covina-Valley Unified School District 2006 Election General Obligation Bonds, 2006 Series A, at an interest rate of not to exceed eight percent (8.0%) per annum. The final structure will be determined at the time of pricing to achieve the lowest cost of financing within the limits of the proposition's tax levy. The final maturity of the Bonds will not exceed twenty-five (25) years. Provisions for optional redemption of the Bonds will be described in the Bond Purchase Agreement.

The Resolution provides for the sale of the Bonds to an underwriting firm to be selected by the District, in consultation with the Treasurer and Tax Collector, via a competitive selection process conducted by the District's financial advisor. The District has selected Government Financial Strategies, Inc. as financial advisor; the firm of Fulbright & Jaworski, LLP as bond counsel; and U.S. Bank National Association as paying agent.

The County will annually levy and collect ad valorem taxes for the repayment of the Bonds on behalf of the District.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

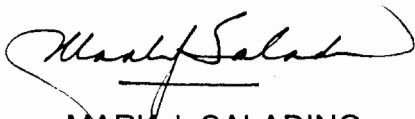
Not Applicable.

The Honorable Board of Supervisors
July 27, 2006
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CONCLUSION

Upon approval of this Resolution, this Department will need two (2) originally executed copies of the adopted Resolution.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Mark J. Saladino", written over a horizontal line.

MARK J. SALADINO
Treasurer and Tax Collector

MJS:GB:DB:pab
Pb/brd/covinavalley

Attachments (2)

c: Chief Administrative Officer
Auditor-Controller
County Counsel
Covina-Valley Unified School District
Los Angeles County Office of Education
Fulbright & Jaworski, LLP
U.S. Bank National Association
Government Financial Strategies, Inc.

RESOLUTION OF THE BOARD OF SUPERVISORS OF
THE COUNTY OF LOS ANGELES, CALIFORNIA,
AUTHORIZING THE ISSUANCE AND SALE OF
2006 ELECTION GENERAL OBLIGATION BONDS, 2006 SERIES A,
OF COVINA-VALLEY UNIFIED SCHOOL DISTRICT
IN AN AGGREGATE PRINCIPAL AMOUNT
NOT TO EXCEED FORTY-SEVEN MILLION DOLLARS

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**RESOLUTION OF THE BOARD OF SUPERVISORS OF
THE COUNTY OF LOS ANGELES, CALIFORNIA,
AUTHORIZING THE ISSUANCE AND SALE OF
2006 ELECTION GENERAL OBLIGATION BONDS, 2006 SERIES A
OF COVINA-VALLEY UNIFIED SCHOOL DISTRICT
IN AN AGGREGATE PRINCIPAL AMOUNT
NOT TO EXCEED FORTY-SEVEN MILLION DOLLARS**

WHEREAS, a duly called election was held within the Covina-Valley Unified School District (the "District"), County of Los Angeles (the "County"), on June 6, 2006 and thereafter canvassed pursuant to law; and

WHEREAS, at such election there was submitted to and approved by the requisite fifty-five percent (55%) vote of the qualified electors of the District a question as to the issuance and sale of general obligation bonds of the District for various purposes set forth in the ballot submitted to the voters, in the maximum principal amount of \$66,000,000, payable from the levy of an *ad valorem* tax against the taxable property in the District (the "Authorization"); and

WHEREAS, Section 15140 of the Education Code of the State of California (the "Education Code") requires that general obligation bonds of a school district shall be offered for sale by the Board of Supervisors of the County (the "Board"), as soon as possible following receipt of a resolution adopted by the governing board of such district; and

WHEREAS, the Los Angeles County Superintendent of Schools has jurisdiction over the District; and

WHEREAS, none of the aggregate principal amount of general obligation bonds authorized under the Authorization have heretofore been issued and sold; and

WHEREAS, the Board has received a resolution of the Governing Board of the District (the "District Resolution") requesting the issuance of the first series of such bonds within the Authorization, in the aggregate principal amount of not to exceed Forty Seven Million Dollars (\$47,000,000) (the "Bonds") in order to finance and refinance the acquisition, improvement, furnishing and equipping of District facilities;

NOW THEREFORE, IT IS ORDERED by the Board of Supervisors of the County as follows:

SECTION 1. Definitions. The following terms shall for all purposes of this Resolution have the following meanings:

“Accreted Value” shall mean with respect to any Capital Appreciation Bond, as of any date of calculation, the sum of the initial Principal Amount thereof on said date of issuance and the interest accrued thereon to such date of calculation, compounded from the date of initial issuance at the stated accretion rate thereof on each February 1 and August 1, or as otherwise set forth in the Purchase Contract, assuming in any such semiannual period that such Accreted Value increases in equal daily amounts on the basis of a 360-day year of twelve 30-day months.

“Authorized Investments” shall mean legal investments authorized by Section 53601 of the Government Code of the State of California.

“Authorizing Law” shall mean, collectively, (i) Title 1, Division 1, Part 10, Chapter 1.5 of the California Education Code of the State of California (commencing with Section 15264), as amended, and (ii) Article XIII A of the California Constitution.

“Board” shall mean the Board of Supervisors of the County.

“Bond Obligation” shall mean from time to time as of the date of calculation, with respect to any Current Interest Bond, the Principal Amount thereof and, with respect to any Capital Appreciation Bond, the Accreted Value thereof.

“Bond Register” shall mean the books referred to in Section 15 of this Resolution.

“Bonds” shall mean the Covina-Valley Unified School District 2006 Election General Obligation Bonds, 2006 Series A, issued and delivered pursuant to this Resolution.

“Bond Year” shall mean the twelve-month period commencing August 1 in any year and ending on the last day of July in the next succeeding year, both dates inclusive, or as otherwise set forth in the Purchase Contract; provided, however, that the first Bond Year shall commence on the day the Bonds are issued and shall end on July 31, 2007, both dates inclusive, or as otherwise set forth in the Purchase Contract.

“Building Fund” shall mean the General Obligation Building Fund (2006 Series A) of the District established by the Superintendent of Schools at the direction of the District and administered by the County Office of Education.

“Business Day” shall mean a day which is not a Saturday, Sunday or a day on which banking institutions in the State or the State of New York and the New York Stock Exchange are authorized or required to be closed.

“Capital Appreciation Bonds” shall mean the Bonds designated as such in Section 10 of this Resolution.

“Chair of the Board of Supervisors” shall mean the Chair, Chairman or Mayor of the Board of Supervisors of the County of Los Angeles.

“Code” shall mean the Internal Revenue Code of 1986, as amended.

“Continuing Disclosure Agreement” shall mean the Continuing Disclosure Agreement of the District for the benefit of the Owners of the Bonds.

“Costs of Issuance” shall mean all of the costs of issuing the Bonds, including but not limited to, all printing and document preparation expenses in connection with this Resolution, the Bonds and the Official Statement pertaining to the Bonds and any and all other agreements, instruments, certificates or other documents prepared in connection therewith; financial advisory fees; underwriter’s fees; rating agency fees and related travel expenses; auditor’s fees; CUSIP service bureau charges; legal fees and expenses of counsel with respect to the financing; the initial fees and expenses of the Paying Agent; fees for credit enhancement relating to the Bonds; and other fees and expenses incurred in connection with the issuance of the Bonds, to the extent such fees and expenses are approved by the District.

“County” shall mean the County of Los Angeles, California.

“County Office of Education” shall mean the Office of Education of the County and such other persons as may be designated by the County Office of Education to perform the operational and disbursement functions hereunder.

“Current Interest Bonds” shall mean the Bonds designated as such in Section 9 of this Resolution.

“Debt Service” shall have the meaning given to that term in Section 19(c) of this Resolution.

“Debt Service Fund” shall mean the Debt Service Fund established pursuant to Section 19(a) of this Resolution.

“Depository” shall mean DTC and its successors and assigns or if (a) the then Depository resigns from its functions as securities depository of the Bonds, or (b) the County discontinues use of the Depository pursuant to this Resolution, any other securities depository which agrees to follow procedures required to be followed by a securities depository in connection with the Bonds and which is selected by the Treasurer.

“District” shall mean Covina-Valley Unified School District.

“DTC” shall mean The Depository Trust Company, New York, New York, and its successors and assigns.

“Excess Earnings Fund” shall mean the Excess Earnings Fund established pursuant to Section 20 of this Resolution.

“Fiscal Year” shall mean the twelve-month period commencing on July 1 of each year and ending on the following June 30 or any other fiscal year in effect for the District.

“Financial Advisor” shall mean Government Financial Strategies inc.

“Information Services” shall mean Financial Information, Inc.’s “Daily Called Special Service,” 30 Montgomery Street, 10th Floor, Jersey City, New Jersey 07302, Attention: Editor; Mergent/FIS, Inc., 5250 77 Center Drive, Suite 150, Charlotte, North Carolina 28217, Attention: Municipal News Reports; and Kenny S&P, 55 Water Street, 45th Floor, New York, New York 10041, Attention: Notification Department; and, in accordance with then current guidelines of the Securities and Exchange Commission, such other addresses and/or such other services providing information with respect to called bonds as the County may designate in a Certificate of the County delivered to the Paying Agent.

“Interest Payment Date” shall mean with respect to (i) any Current Interest Bond, February 1 and August 1 in each year, or as otherwise specified in the Purchase Contract, commencing on the date specified in the Purchase Contract, and (ii) any Capital Appreciation Bond, the maturity or prior redemption date thereof.

“Maturity Amount” shall mean the Accreted Value of any Capital Appreciation Bond on its maturity date.

“Nominee” shall mean the nominee of the Depository which may be the Depository, as determined from time to time by the Depository.

“Outstanding” when used with reference to the Bonds, shall mean, as of any date, Bonds theretofore issued or thereupon being issued under this Resolution except:

- (i) Bonds canceled at or prior to such date;
- (ii) Bonds in lieu of or in substitution for which other Bonds shall have been delivered pursuant to Section 14 hereof,
- (iii) Bonds for the payment or redemption of which funds or eligible securities in the necessary amount shall have been set aside (whether on or prior to the maturity or redemption date of such Bonds), in accordance with Section 39 of this Resolution.

“Owner” shall mean the registered owner, as indicated in the Bond Register, of any Bond.

“Participant” shall mean a member of or participant in the Depository.

“Paying Agent” shall mean the Treasurer and his designated agents or his successors or assigns, acting in the capacity of paying agent, registrar, authenticating agent and transfer agent. The Treasurer is authorized to contract with any third party agent to perform the services of Paying Agent under this Resolution.

“Pledged Moneys” shall have the meaning given to that term in Section 18 of this Resolution.

“Principal” or “Principal Amount” shall mean, as of any date of calculation, with respect to (i) any Current Interest Bond, the principal amount thereof, and (ii) any Capital Appreciation Bond, the Accreted Value thereof.

“Principal Payment Date” shall mean August 1 in each year, or as otherwise specified in the Purchase Contract, commencing on the date specified in the Purchase Contract.

“Projects” shall have the meaning given to that term in Section 7 of this Resolution.

“Project Costs” shall mean all of the expenses of and incidental to the construction and/or acquisition of the Projects, including Costs of Issuance.

“Purchase Contract” shall mean the Purchase Contract by and among the County, the District and the Underwriter relating to the Bonds.

“Record Date” shall mean the close of business on the fifteenth calendar day of the month next preceding an Interest Payment Date.

“Regulations” shall mean the regulations of the United States Department of the Treasury proposed or promulgated under Sections 103 and 141 through 150 of the Code which by their terms are effective with respect to the Bonds and similar Treasury Regulations to the extent not inconsistent with Sections 103 and 141 through 150 of the Code, including regulations promulgated under Section 103 of the Internal Revenue Code of 1954, as amended.

“Resolution” shall mean this Resolution.

“S&P” shall mean Standard & Poor’s, a division of the McGraw-Hill Companies, its successors and assigns, except that if such corporation shall no longer perform the functions of a securities rating agency for any reason, the term “S&P” shall be deemed to refer to any other nationally recognized securities rating agency selected by the District.

“Securities Depositories” shall mean The Depository Trust Company, 55 Water Street, New York, New York 10041, Fax (212) 855-1000 or 7320; and, in accordance with then current guidelines of the securities and Exchange Commission, such other addresses and/or such other securities depositories as the County may designate in a Certificate of the County delivered to the Paying Agent.

“State” shall mean the State of California.

“Superintendent of Schools” shall mean the Superintendent of Schools of the County.

“Supplemental Resolution” shall mean any resolution supplemental to or amendatory of this Resolution, adopted by the County in accordance with Section 36 or Section 37 hereof.

“Tax Certificate” shall mean the Tax Certificate of the District delivered in connection with the issuance of the Bonds.

“Transfer Amount” shall mean, with respect to (i) any Outstanding Current Interest Bond, the aggregate Principal Amount thereof, and (ii) any Outstanding Capital Appreciation Bond, the Maturity Amount thereof.

“Treasurer” shall mean the Treasurer and Tax Collector of the County or any authorized deputy thereof.

“Underwriter” shall mean an underwriting firm or firms to be selected by the District, in consultation with the County, via a competitive selection process conducted by the Financial Advisor.

SECTION 2. Rules of Construction. Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders, and vice versa. Except where the context otherwise requires, words importing the singular shall include the plural and vice versa, and words importing persons shall include firms, associations and corporations, including public bodies, as well as natural persons.

SECTION 3. Authority for this Resolution. This Resolution is adopted pursuant to the provisions of the Authorizing Law.

SECTION 4. Resolution to Constitute Contract. In consideration of the purchase and acceptance of any and all of the Bonds authorized to be issued hereunder by those who shall own the same from time to time, this Resolution shall be deemed to be and shall constitute a contract among the County, the District and the Owners from time to time of the Bonds; and the pledge made in this Resolution shall be for the equal benefit, protection and security of the Owners of any and all of the Bonds, all of which, regardless of the time or times of their issuance or maturity, shall be of equal rank without preference, priority or distinction of any of the Bonds over any other thereof.

SECTION 5. Approval of Purchase Contract. The Treasurer, or his deputy, and such other officers of the County as shall be authorized by the Board, in consultation with the Financial Advisor and bond counsel and such officers of the District as shall be authorized by the governing body of the District, are hereby authorized and directed to issue and deliver the Bonds and to establish the final Principal Amount thereof, provided, however, that such combined Principal Amount (in one or two series) shall not exceed the maximum aggregate Principal Amount of \$47,000,000. Should any funds remain following the payment of Costs of Issuance, and the premium for a municipal bond insurance policy, if any, the Underwriter shall remit such amount back to the District. The form of the Purchase Contract to be entered into the Underwriter selected by the District, upon consultation with the Financial Advisor, in accordance with a selection process to be conducted on behalf of the District by the Financial Advisor, is attached hereto as Exhibit B is hereby approved. The Treasurer, or his deputy, and such other officers of the County as may be authorized by the Board are, and each of them acting alone is, authorized and directed to execute and deliver the Purchase Contract for and in the name and on behalf of the County, with such additions, changes or corrections therein as the officer executing the same on behalf of the County may approve, in his discretion, as being in the best interests of the County and the District, such approval to be conclusively evidenced by such officer's execution thereof, and any other documents required to be executed thereunder, and to deliver

the same to the Underwriter. The Treasurer, or his deputy, and such other officers of the County as may be authorized by the Board are, and each of them acting alone hereby is, in consultation with such authorized officers of the District and the Financial Advisor, authorized and directed to negotiate with the Underwriter the interest rates on the Bonds and the purchase price of the Bonds to be paid by the Underwriter, which purchase price shall be no less than the par amount of the Bonds and shall reflect an Underwriter's discount, net of costs of issuance and the premium for a municipal bond insurance policy, if any, of not to exceed one and one half percent (1.5%) (not including original issue discount) of the Principal Amount thereof. The interest rate on the Bonds shall not exceed eight percent (8%) per annum. Final terms of the Bonds shall be as set forth in the Purchase Contract.

SECTION 6. Authorization of Officers. The officers of the County and their authorized representatives are, and each of them acting alone is, hereby authorized to execute any and all documents and do and perform any and all acts and things, from time to time, consistent with this Resolution and necessary or appropriate to carry the same into effect and to carry out its purpose.

SECTION 7. Use of Bond Proceeds. Bonds of the District shall be issued in the name and on behalf of the District in an aggregate Principal Amount not to exceed \$47,000,000, for the financing and refinancing of the acquisition, construction, furnishing and equipping of District facilities for some or all of the purposes authorized at the Election, the bond proposition approved at which shall be incorporated herein by this reference as though fully set forth in this Resolution (the "Projects"). The County makes no assurance regarding the use of the proceeds of the Bonds.

SECTION 8. Designation and Form; Payment.

(a) An issue of Bonds of one or two series entitled to the benefit, protection and security of this Resolution is hereby authorized in an aggregate Principal Amount not to exceed \$47,000,000. Such Bonds shall be general obligations of the District, payable as to Principal, premium, if any, and interest from *ad valorem* taxes to be levied upon all of the taxable property in the District. The Bonds shall be designated "Covina-Valley Unified School District 2006 Election General Obligation Bonds, 2006 Series A" with such additional series designations as may be necessary or advisable in order to market the Bonds, as set forth in the Purchase Contract. The Bonds may be issued as Current Interest Bonds and/or Capital Appreciation Bonds and shall be subject to redemption as further set forth in the Purchase Contract, pursuant to this Resolution.

(b) The forms of the Bonds shall be substantially in conformity with the standard forms of registered school district bonds, copies of which are attached hereto as Exhibit A-1 and Exhibit A-2 and incorporated herein by this reference.

(c) Principal, premium, if any, and interest with respect to any Bond are payable in lawful money of the United States of America. Principal and premium, if any, is payable upon surrender thereof at maturity or earlier redemption at the office designated by the Paying Agent in Los Angeles County, California.

SECTION 9. Description of Current Interest Bonds.

(a) The Bonds issued as Current Interest Bonds shall be issued in fully registered form, without coupons, in denominations of \$5,000 or any integral multiple thereof, provided that one such Bond may be in an irregular denomination. The Current Interest Bonds shall be dated and shall mature on the dates, in the years and in the Principal Amounts, and interest shall be computed at the rates, set forth in the Purchase Contract.

(b) Interest on each Current Interest Bond shall accrue from its dated date as set forth in the Purchase Contract. Interest on Current Interest Bonds shall be computed using a year of 360 days comprised of twelve 30-day months and shall be payable on each Interest Payment Date to the Owner thereof as of the close of business on the Record Date. Interest with respect to each Current Interest Bond will be payable from the Interest Payment Date next preceding the date of registration thereof, unless (i) it is registered after the close of business on any Record Date and before the close of business on the immediately following Interest Payment Date, in which event interest with respect thereto shall be payable from such following Interest Payment Date; or (ii) it is registered prior to the close of business on the first Record Date, in which event, interest shall be payable from its dated date; provided, however, that if at the time of registration of any Current Interest Bond, interest thereon is in default, interest with respect thereto shall be payable from the Interest Payment Date to which interest has previously been paid or made available for payment. Payments of interest on the Current Interest Bonds will be made on each Interest Payment Date by check or draft of the Paying Agent sent by first-class mail, postage prepaid, to the Owner thereof on the Record Date, or by wire transfer to any Owner of \$1,000,000 or more of such Current Interest Bonds, to the account specified by such Owner in a written request delivered to the Paying Agent on or prior to the Record Date for such Interest Payment Date; provided, however, that payments of defaulted interest shall be payable to the person in whose name such Current Interest Bond is registered at the close of business on a special record date fixed therefor by the Paying Agent which shall not be more than 15 days and not less than ten days prior to the date of the proposed payment of defaulted interest.

SECTION 10. Description of Capital Appreciation Bonds.

(a) The Bonds issued as Capital Appreciation Bonds shall be issued in fully registered form in any denominations of their Principal Amounts but shall reflect denominations of \$5,000 Maturity Amount or any integral multiple thereof, except that one such Bond may reflect an irregular denomination. The Capital Appreciation Bonds shall be dated as of the date of their issuance, shall be issued in the aggregate Principal Amounts, shall mature on the dates, in the years and in the Maturity Amounts, and shall accrete interest at the Accretion Rate, all as set forth in the Purchase Contract.

(b) Interest on each Capital Appreciation Bond, if any, shall be compounded semiannually on February 1 and August 1 of each year until maturity, or as otherwise set forth in the Purchase Contract, commencing on the date set forth in the Purchase Contract, computed using a year of 360 days comprised of twelve 30-day months and shall be payable only at maturity as part of the Maturity Amount.

SECTION 11. Book-Entry System.

(a) The Bonds shall be initially issued in the form of a separate single fully registered Bond (which may be typewritten) for each of the maturities of the Bonds within each series, except that one or more maturities with different tranches and interest rates may be represented by separate Bonds, and that separate Bonds may be issued to represent Current Interest Bonds and Capital Appreciation Bonds maturing in the same years, if any. Upon initial issuance, the ownership of each such Bond certificate shall be registered in the Bond Register in the name of the Nominee as nominee of the Depository. Except as provided in subsection (c) hereof, all of the Outstanding Bonds shall be registered in the Bond Register in the name of the Nominee and the Bonds may be transferred, in whole but not in part, only to the Depository, to a successor Depository or to another nominee of the Depository or of a successor Depository. Each Bond certificate shall bear a legend substantially to the following effect: "UNLESS THIS BOND IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY (AS DEFINED IN THE RESOLUTION) TO THE BOND REGISTRAR FOR REGISTRATION OF TRANSFER, EXCHANGE, OR PAYMENT, AND ANY BOND ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN."

With respect to Bonds registered in the Bond Register in the name of the Nominee, the County and the District shall have no responsibility or obligation to any Participant or to any person on behalf of which such a Participant holds a beneficial interest in the Bonds. Without limiting the immediately preceding sentence, the County and the District shall have no responsibility or obligation with respect to (i) the accuracy of the records of the Depository, the Nominee or any Participant with respect to any beneficial ownership interest in the Bonds, (ii) the delivery to any Participant, beneficial owner or any other person, other than the Depository, of any notice with respect to the Bonds, including any redemption notice, (iii) the selection by the Depository and the Participants of the beneficial interests in the Bonds to be redeemed in part, or (iv) the payment to any Participant, beneficial owner or any other person, other than the Depository, of any amount with respect to Principal of, premium, if any, and interest on the Bonds. The County and the District may treat and consider the person in whose name each Bond is registered in the Bond Register as the absolute Owner of such Bond for the purpose of payment of Principal of, premium, if any, and interest on such Bond, for the purpose of giving Redemption Notices and other notices with respect to such Bond, and for all other purposes whatsoever, including, without limitation, registering transfers with respect to the Bonds.

The Paying Agent shall pay all Principal of, premium, if any, and interest on the Bonds only to the respective Owners, as shown in the Bond Register, and all such payments shall be valid hereunder with respect to payment of Principal of, premium, if any, and interest on the Bonds to the extent of the sum or sums so paid. No person other than a Bond Owner, as shown in the Bond Register, shall receive a Bond evidencing the obligation to make payments of Principal of, premium, if any, and interest, pursuant to this Resolution. Upon delivery by the

Depository to the Paying Agent and the County of written notice to the effect that the Depository has determined to substitute a new nominee in place of the Nominee, and subject to the provisions hereof with respect to Record Dates, the word Nominee in this Resolution shall refer to such new nominee of the Depository.

(b) If at any time the Depository notifies the County and the District that it is unwilling or unable to continue as Depository with respect to the Bonds or if at any time the Depository shall no longer be registered or in good standing under the Securities Exchange Act or other applicable statute or regulation and a successor Depository is not appointed by the Treasurer within 90 days after the County and the District receive notice or become aware of such condition, as the case may be, subsection (a) hereof shall no longer be applicable and the Treasurer shall issue new bonds representing the Bonds as provided below. In addition, the County and the District may determine at any time that the Bonds shall no longer be represented by book-entry securities and that the provisions of subsection (a) hereof shall no longer apply to the Bonds. In any such event the Treasurer shall execute and deliver certificates representing the Bonds as provided below. Certificates issued in exchange for book-entry securities pursuant to this subsection (b) shall be registered in such names and delivered in such denominations as the Depository shall instruct the County and the District. The Treasurer shall then deliver certificates representing the new bonds to the persons in whose names such Bonds are so registered.

If the County and the District determine to replace the Depository with another qualified securities depository, the County and the District shall prepare or cause to be prepared a new fully registered book-entry security for each of the maturities of Bonds, registered in the name of such successor or substitute securities depository or its nominee, or make such other arrangements as are acceptable to the County, the District and such securities depository and not inconsistent with the terms of this Resolution.

(c) Notwithstanding any other provision of this Resolution to the contrary, so long as any Bond is registered in the name of the Nominee, all payments with respect to Principal of, premium, if any, and interest on such Bond and all notices with respect to such Bond shall be made and given, respectively, as provided in the Representation Letter or as otherwise instructed by the Depository.

(d) The initial Depository under this Resolution shall be DTC. The initial Nominee shall be Cede & Co., as nominee of DTC.

SECTION 12. Execution of the Bonds.

(a) The Bonds shall be executed in the name of the District by the County by the manual or facsimile signature of the Chair of the Board and the manual or facsimile signature of the Treasurer, and shall be countersigned by the manual or facsimile signature of the Executive Officer-Clerk of the Board or by a deputy of either of such officers. The County's seal (or a facsimile thereof) shall be impressed, imprinted, engraved or otherwise reproduced on each Bond. In case any one or more of the officers who shall have signed or sealed any of the Bonds shall cease to be such officer before the Bonds so signed and sealed shall have been issued by the County on behalf of the District, such Bonds may, nevertheless, be issued, as

herein provided, as if the persons who signed or sealed such Bonds had not ceased to hold such offices. Any of the Bonds may be signed and sealed on behalf of the County by such persons as at the time of the execution of such Bonds shall be duly authorized to hold or shall hold the proper offices in the County, although at the date borne by the Bonds such persons may not have been so authorized or have held such offices.

(b) The Bonds shall bear thereon a certificate of authentication executed manually by the Paying Agent. Only such Bonds as shall bear thereon such certificate of authentication duly executed by the Paying Agent shall be entitled to any right or benefit under this Resolution and no Bond shall be valid or obligatory for any purpose until such certificate of authentication shall have been duly executed by the Paying Agent. Such certificate of the Paying Agent upon any Bond shall be conclusive evidence that the Bond so authorized has been duly authenticated and delivered under this Resolution and that the Owner thereof is entitled to the benefits of this Resolution.

SECTION 13. Transfer and Exchange. The registration of any Bond may be transferred upon the Bond Register upon surrender of such Bond to the Paying Agent. Such Bond shall be endorsed or accompanied by delivery of the written instrument of transfer shown in Exhibit A-1 or A-2 hereto, duly executed by the Owner or his duly authorized attorney, and payment of such reasonable transfer fees as the Paying Agent may establish. Upon such registration of transfer, a new Bond or Bonds, of like tenor and maturity in the same Transfer Amount and in authorized denominations or Maturity Amounts, will be executed and delivered to the transferee in exchange therefor.

The Paying Agent shall deem and treat the person in whose name any Outstanding Bond shall be registered upon the Bond Register as the absolute owner of such Bond, whether the Principal, premium, if any, or interest with respect to such Bond shall be overdue or not, for the purpose of receiving payment of Principal, premium, if any, and interest with respect to such Bond and for all other purposes, and any such payments so made to any such Owner or upon his order shall be valid and effective to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid, and the County, the District or the Paying Agent shall not be affected by any notice to the contrary.

Bonds may be exchanged at the office of the Paying Agent for Bonds of like tenor, maturity and Transfer Amount of other authorized denominations or Maturity Amounts. All Bonds surrendered in any such exchange shall thereupon be cancelled by the Paying Agent. The Paying Agent may charge the Owner a reasonable sum for each new Bond executed and delivered upon any exchange (except in the case of the first exchange of any Bond in the form in which it is originally delivered, for which no charge shall be imposed) and the Paying Agent may require the payment by the Owner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange.

The Paying Agent shall not be required to register the transfer or exchange of any Bond (i) during the period beginning at the close of business on any Record Date through the close of business on the immediately following Interest Payment Date, or (ii) that has been called or is subject to being called for redemption, during a period beginning at the opening of business 15 days before any selection of Bonds to be redeemed through the close of business on the

applicable redemption date, except for the unredeemed portion of any Bond to be redeemed only in part.

SECTION 14. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Bond shall become mutilated, the Paying Agent, at the expense of the Owner, shall deliver a new Bond of like date, interest rate, maturity, Transfer Amount, series and tenor as the Bond so mutilated in exchange and substitution for such mutilated Bond, upon surrender and cancellation thereof. All Bonds so surrendered shall be cancelled. If any Bond shall be destroyed, stolen or lost, evidence of such destruction, theft or loss may be submitted to the Paying Agent and if such evidence is satisfactory to the Paying Agent that such Bond has been destroyed, stolen or lost, and upon furnishing the Paying Agent with indemnity satisfactory to the Paying Agent and complying with such other reasonable regulations as the Paying Agent may prescribe and paying such expenses as the Paying Agent may incur the Paying Agent shall, at the expense of the Owner, execute and deliver a new Bond of like date, interest rate, maturity, Transfer Amount and tenor in lieu of and in substitution for the Bond so destroyed, stolen or lost. Any new Bonds issued pursuant to this Section 14 in substitution for Bonds alleged to be destroyed, stolen or lost shall constitute original additional contractual obligations on the part of the District, whether or not the Bonds so alleged to be destroyed, stolen or lost are at any time enforceable by anyone, and shall be equally secured by and entitled to equal and proportionate benefits with all other Bonds issued under this Resolution in any moneys or securities held by the Paying Agent for the benefit of the Owners of the Bonds.

SECTION 15. Bond Register. The Paying Agent shall keep or cause to be kept at its office sufficient books for the registration and registration of transfer of the Bonds. Upon presentation for registration of transfer, the Paying Agent shall, as above provided and under such reasonable regulations as it may prescribe subject to the provisions hereof, register or register the transfer of the Bonds, or cause the same to be registered or cause the registration of the same to be transferred, on such books.

SECTION 16. Unclaimed Money. All money which the Paying Agent shall have received from any source and set aside for the purpose of paying or redeeming any of the Bonds shall be held in trust for the respective Owners of such Bonds, but any money which shall be so set aside or deposited by the Paying Agent and which shall remain unclaimed by the Owners of such Bonds for a period of one year after the date on which any payment or redemption with respect to such Bonds shall have become due and payable shall be transferred to the General Fund of the District; provided, however, that the Paying Agent, before making such payment, shall cause notice to be mailed to the Owners of such Bonds, by first class mail, postage prepaid, not less than 90 days prior to the date of such payment to the effect that said money has not been claimed and that after a date named therein any unclaimed balance of said money then remaining will be transferred to the General Fund of the District. Thereafter, the Owners of such Bonds shall look only to the General Fund of the District for payment of such Bonds.

SECTION 17. Application of Proceeds. Upon the sale of the Bonds, the Treasurer is hereby directed to deposit or cause to be deposited the proceeds thereof, exclusive of accrued interest and any original issue premium, into the Building Fund established for the account of the District which shall be administered by the County Office of Education for the account of the District and which shall be kept separate and apart from all other accounts held

hereunder. The District shall, from time to time, disburse from the Building Fund to pay Project Costs, including a deposit to a lease payment fund in order to refund certain lease obligations of the District. Amounts in the Building Fund shall be invested so as to be available for the aforementioned disbursements. The District shall keep a written record of disbursements from the Building Fund.

Any amounts that remain in the Building Fund at the completion of the Projects shall be transferred to the Debt Service Fund to be used to pay the Principal of, premium, if any, and interest on the Bonds, subject to any conditions set forth in the Tax Certificate.

SECTION 18. Payment and Security for the Bonds. The Board shall annually at the time of making the levy of taxes for County purposes, levy a continuing direct *ad valorem* tax for the Fiscal Year upon the taxable property in the District in an amount at least sufficient, together with moneys on deposit in the Debt Service Fund and available for such purpose, to pay the Principal of, premium, if any, and interest on each Bond as each becomes due and payable in the next succeeding Bond Year. The tax levy may include an allowance for an annual reserve, established for the purpose of avoiding fluctuating tax levies. The County, on behalf of the District, hereby pledges as security for the Bonds and the interest thereon, and the Treasurer is directed to deposit or cause to be deposited in the District's Debt Service Fund, the proceeds from the levy of the aforementioned tax which the County receives (the "Pledged Moneys"). The Pledged Moneys shall be used to pay the Principal of, premium, if any, and interest on the Bonds when and as the same shall become due and payable. The Bonds are the general obligations of the District and do not constitute an obligation of the County except as provided in this Resolution. No part of any fund or account of the County is pledged or obligated to the payment of the Bonds or the interest thereon.

SECTION 19. Debt Service Fund.

(a) The County is hereby directed to deposit or cause to be deposited any accrued interest and any original issue premium received by the County from the sale of the Bonds in the fund established for the account of the District and designated as the "Covina-Valley Unified School District 2006 Election General Obligation Bonds, Debt Service Fund" (the "Debt Service Fund") to be administered by the County and used only for the payment of the Principal of, premium, if any, and interest on the Bonds.

(b) All Pledged Moneys shall be deposited upon collection by the County into the Debt Service Fund and used for the payment of the Principal of, premium, if any, and interest on the Bonds.

(c) On the Business Day immediately preceding each Interest Payment Date, if the Paying Agent is not the Treasurer, and on the Interest Payment Date if the Paying Agent is the Treasurer, the District shall transfer or cause to be transferred from the Debt Service Fund to the Paying Agent, an amount, in immediately available funds, sufficient to pay all the Principal of, premium, if any, and interest on the Bonds (collectively, the "Debt Service") on such Interest Payment Date. Debt Service on the Bonds shall be paid by the Paying Agent in the manner provided by law for the payment of Debt Service.

(d) The District shall cause moneys to be transferred to the extent needed to comply with the Tax Certificate. Any amounts on deposit in the Debt Service Fund when there are no longer any Bonds Outstanding shall be transferred to the General Fund of the District subject to any conditions set forth in the Tax Certificate.

SECTION 20. Establishment and Application of Excess Earnings Fund. There is hereby established a special fund designated "Covina-Valley Unified School District 2006 Election General Obligation Bonds, 2006 Series A, Excess Earnings Fund" (the "Excess Earnings Fund") which shall be administered by the County Office of Education for the account of the District and which shall be kept separate and apart from all other funds and accounts held hereunder. The District shall transfer, or cause to be transferred, moneys from the Building Fund to the Excess Earnings Fund in accordance with the provisions of the Tax Certificate. Amounts on deposit in the Excess Earnings Fund shall only be applied to payments made to the United States or otherwise transferred to other accounts or funds established hereunder in accordance with the Tax Certificate.

SECTION 21. Payments of Costs of Issuance. The District shall pay, or cause to be paid, Costs of Issuance not directly paid by the Underwriter using moneys disbursed from time to time, as appropriate, from the Building Fund.

SECTION 22. Establishment of Additional Funds and Accounts. If at any time it is deemed necessary or desirable by the District, the County Office of Education may establish additional funds under this Resolution or accounts within any of the funds or accounts established hereunder.

SECTION 23. Redemption. The Bonds shall be subject to redemption as provided in the Purchase Contract.

SECTION 24. Selection of Bonds for Redemption. Whenever provision is made in this Resolution or in the Purchase Contract for the redemption of the Bonds and less than all Outstanding Bonds are to be redeemed, the Paying Agent, upon written instruction from the District given at least 60 days prior to the Interest Payment Date designated for such redemption, shall select Bonds for redemption in such order as the District may direct, or, in the absence of such direction, in inverse order of maturity within a series. Within a maturity, the Paying Agent shall select Bonds for redemption by lot. Redemption by lot shall be in such manner as the Paying Agent shall determine; provided, however, that the portion of any Current Interest Bond to be redeemed in part shall be in the Principal Amount of \$5,000 or any integral multiple thereof and the portion of any Capital Appreciation Bond to be redeemed in part shall be in the Maturity Amount of \$5,000 or any integral multiple thereof.

SECTION 25. Notice of Redemption. When redemption is authorized or required pursuant to this Resolution or the Purchase Contract, the Paying Agent, upon written instruction from the District given at least 60 days prior to the Interest Payment Date designated for such redemption, shall give notice (a "Redemption Notice") of the redemption of the Bonds. Such Redemption Notice shall specify: (a) the Bonds or designated portions thereof (in the case of redemption of the Bonds in part but not in whole) which are to be redeemed, (b) the date of redemption, (c) the place or places where the redemption will be made, including the name and

address of the Paying Agent, (d) the redemption price, (e) the CUSIP numbers (if any) assigned to the Bonds to be redeemed, (f) the Bond numbers of the Bonds to be redeemed in whole or in part and, in the case of any Bond to be redeemed in part only, the Principal Amount of such Bond to be redeemed, and (g) the original issue date, interest rate and stated maturity date of each Bond to be redeemed in whole or in part. Such Redemption Notice shall further state that on the specified date there shall become due and payable upon each Bond or portion thereof being redeemed the redemption price, together with the interest accrued to the redemption date in the case of Current Interest Bonds, and that from and after such date interest with respect thereto shall cease to accrue or accrete and be payable.

The Paying Agent shall take the following actions with respect to such Redemption Notice:

(a) At least 30 but not more than 45 days prior to the redemption date, such Redemption Notice shall be given to the respective Owners of Bonds designated for redemption by first class mail, postage prepaid, at their addresses appearing on the Bond Register.

(b) In the event that the Bonds shall no longer be held in book-entry only form, at least two days before the date of the notice required by clause (a) of this Section 25, such Redemption Notice shall be given by (i) first class mail, postage prepaid, (ii) telephonically confirmed facsimile transmission, or (iii) overnight delivery service, to each of the Securities Depositories.

(c) In the event that the Bonds shall no longer be held in book-entry only form, at least two days before the date of the notice required by clause (a) of this Section, such Redemption Notice shall be given by (i) first class mail, postage prepaid, or (ii) overnight delivery service, to one of the Information Services.

Neither failure to receive any Redemption Notice nor any defect in any such Redemption Notice so given shall affect the sufficiency of the proceedings for the redemption of the affected Bonds. Each check issued or other transfer of funds made by the Paying Agent for the purpose of redeeming Bonds shall bear the CUSIP number identifying, by series and maturity, the Bonds being redeemed with the proceeds of such check or other transfer.

SECTION 26. Partial Redemption of Bonds. Upon the surrender of any Bond redeemed in part only, the Paying Agent shall execute and deliver to the Owner thereof a new Bond or Bonds of like tenor and maturity and of Authorized Denominations equal in Transfer Amounts to the unredeemed portion of the Bond surrendered. Such partial redemption shall be valid upon payment of the amount required to be paid to such Owner, and the County and the District shall be released and discharged thereupon from all liability to the extent of such payment.

SECTION 27. Effect of Notice of Redemption. Notice having been given as aforesaid, and the moneys for the redemption (including the interest to the applicable date of redemption) having been set aside for the payment of their redemption price, the Bonds to be redeemed shall become due and payable on such date of redemption.

If on such redemption date, money for the redemption of all the Bonds to be redeemed as provided in Section 23 hereof, together with interest to such redemption date, shall be held by the Paying Agent so as to be available therefor on such redemption date, and if notice of redemption thereof shall have been given as aforesaid, then from and after such redemption date, interest with respect to the Bonds to be redeemed shall cease to accrue and become payable. All money held by or on behalf of the Paying Agent for the redemption of Bonds shall be held in trust for the account of the Owners of the Bonds so to be redeemed.

All Bonds paid at maturity or redeemed prior to maturity pursuant to the provisions of Sections 23, 24 and 25 shall be cancelled upon surrender thereof and delivered to or upon the order of the County and the District. All or any portion of a Bond purchased by the County or the District shall be cancelled by the Paying Agent upon written notice by the County or the District given to the Paying Agent.

SECTION 28. Paying Agent, Appointment and Acceptance of Duties.

(a) The Board and the Treasurer hereby consent to and confirm the appointment of the Treasurer to act as Paying Agent for the Bonds under this Resolution. All fees and expenses incurred for services of the Paying Agent shall be the sole responsibility of the District. The Treasurer is authorized to contract with any qualified third party agent to perform the services of Paying Agent. The Paying Agent, if other than the Treasurer acting as Paying Agent, shall have a corporate trust office in Los Angeles, California.

(b) Unless otherwise provided, the office of the Paying Agent designated by the Paying Agent shall be the place for the payment of Principal of, premium, if any, and interest on the Bonds.

SECTION 29. Liability of Paying Agent. The Paying Agent makes no representations as to the validity or sufficiency of this Resolution or of any Bonds issued hereunder or as to the security afforded by this Resolution, and the Paying Agent shall incur no liability in respect hereof or thereof.

SECTION 30. Evidence on Which Paying Agent May Act. The Paying Agent, upon receipt of any notice, resolution, request, consent, order, certificate, report, opinion, bond, or other paper or document furnished to it pursuant to any provision of this Resolution, shall examine such instrument to determine whether it conforms to the requirements of this Resolution and shall be protected in acting upon any such instrument believed by it to be genuine and to have been signed or presented by the proper party or parties. The Paying Agent may consult with counsel, who may or may not be counsel to the County or the District, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it under this Resolution in good faith and in accordance therewith.

SECTION 31. Compensation. The District shall pay to the Paying Agent from time to time reasonable compensation for all services rendered under this Resolution, and also all reasonable expenses, charges, counsel fees and other disbursements, including those of its attorneys, agents, and employees, incurred in and about the performance of their powers and

duties under this Resolution. In no event shall the County be required to expend its own funds hereunder.

SECTION 32. Ownership of Bonds Permitted. The Paying Agent or the Underwriter may become the Owner of any Bonds.

SECTION 33. Resignation or Removal of Paying Agent and Appointment of Successor.

(a) The Paying Agent initially appointed hereunder may resign from service as Paying Agent and in the event the Treasurer, as the initial Paying Agent, selects a third party agent to perform the services of Paying Agent, the Treasurer may remove such Paying Agent or any subsequent Paying Agent as provided in the respective Paying Agent's service agreement. Without further action by the District, if at any time the Paying Agent shall resign or be removed, the Treasurer shall appoint a successor Paying Agent, which shall be a bank or trust company doing business in and having a corporate trust office in Los Angeles, California, with at least \$50,000,000 in net assets. The Paying Agent shall keep accurate records of all funds administered by it and of all Bonds paid and discharged by it. Such records shall be provided, upon reasonable request, to the County in a format mutually agreeable to the Paying Agent and the County. Such successor Paying Agent shall signify the acceptance of its duties and obligations hereunder by executing and delivering to the County and the District, a written acceptance thereof. Resignation or removal of the Paying Agent shall be effective upon appointment and acceptance of a successor Paying Agent.

(b) In the event of the resignation or removal of the Paying Agent, such Paying Agent shall pay over, assign and deliver any moneys held by it as Paying Agent to its successor, or, if there is no successor, the Treasurer shall remain the Paying Agent.

SECTION 34. Investment of Certain Funds. Moneys held in all funds and accounts established hereunder shall be invested and reinvested by the Treasurer in Authorized Investments to the fullest extent practicable as shall be necessary to provide moneys when needed for payments to be made from such funds or accounts, subject to any conditions set forth in the Tax Certificate. Nothing in this Resolution shall prevent any investment securities acquired as investments of funds held hereunder from being issued or held in book-entry form on the books of the Department of the Treasury of the United States. All investment earnings on amounts on deposit in the Debt Service Fund shall remain on deposit in such fund.

SECTION 35. Valuation and Sale of Investments. Obligations purchased as an investment of moneys in any fund or account shall be deemed at all times to be a part of such fund or account. Profits or losses attributable to any fund or account shall be credited or charged to such fund or account. In computing the amount in any fund or account created under the provisions of this Resolution for any purpose provided in this Resolution, obligations purchased as an investment of moneys therein shall be valued at cost, plus, where applicable, accrued interest.

SECTION 36. Supplemental Resolutions With Consent of Owners. This Resolution, and the rights and obligations of the County, the District and of the Owners of the

Bonds issued hereunder, may be modified or amended at any time by a Supplemental Resolution adopted by the County with the written consent of Owners owning at least 60% in aggregate Bond Obligation of the Outstanding Bonds, exclusive of Bonds, if any, owned by the County or the District; provided, however, that so long as the Bond Insurance Policy is in effect, and provided that the Bond Insurer complies with its obligations thereunder, the Bond Insurer shall be deemed to be the sole Owner of the Bonds for purposes of this sentence. Notwithstanding the foregoing, no such modification or amendment shall, without the express consent of the Owner of each Bond affected, reduce the Principal Amount of any Bond, reduce the interest rate payable thereon, advance the earliest redemption date thereof, extend its maturity or the times for paying interest thereon or change the monetary medium in which Principal and interest is payable, nor shall any modification or amendment reduce the percentage of consents required for amendment or modification thereof or hereof. No such Supplemental Resolution shall change or modify any of the rights or obligations of any Paying Agent without its written assent thereto. Notwithstanding anything herein to the contrary, no such consent shall be required if the Owners are not directly and adversely affected by such amendment or modification.

SECTION 37. Supplemental Resolutions Effective Without Consent of Owners.

For any one or more of the following purposes and at any time or from time to time, a Supplemental Resolution of the County may be adopted, which, without the requirement of consent of the Owners, shall be fully effective in accordance with its terms:

(a) To add to the covenants and agreements of the County or the District in this Resolution, other covenants and agreements to be observed by the County or the District which are not contrary to or inconsistent with this Resolution as theretofore in effect;

(b) To add to the limitations and restrictions in this Resolution, other limitations and restrictions to be observed by the County or the District which are not contrary to or inconsistent with this Resolution as theretofore in effect;

(c) To confirm as further assurance, any pledge under, and the subjection to any lien or pledge created or to be created by this Resolution, of any moneys, securities or funds, or to establish any additional funds, or accounts to be held under this Resolution;

(d) To cure any ambiguity, supply any omission, or cure to correct any defect or inconsistent provision in this Resolution; or

(e) To amend or supplement this Resolution in any other respect, provided such Supplemental Resolution does not, in the opinion of nationally recognized bond counsel, adversely affect the interests of the Owners.

SECTION 38. Effect of Supplemental Resolution. Any act done pursuant to a modification or amendment so consented to shall be binding upon the Owners of all the Bonds and shall not be deemed an infringement of any of the provisions of this Resolution, whatever the character of such act may be, and may be done and performed as fully and freely as if expressly permitted by the terms of this Resolution, and after consent relating to such specified matters has been given, no Owner shall have any right or interest to object to such action or in

any manner to question the propriety thereof or to enjoin or restrain the County or the District or any officer or agent of either from taking any action pursuant thereto.

SECTION 39. Defeasance. If all Outstanding Bonds shall be paid and discharged in any one or more of the following ways:

(1) by well and truly paying or causing to be paid the Principal of and interest on all Bonds Outstanding, and when the same become due and payable;

(2) by depositing with the Paying Agent, in trust, at or before maturity, cash which, together with the amounts then on deposit in the Debt Service Fund plus the interest to accrue thereon without the need for further investment, is fully sufficient to pay all Bonds Outstanding on the redemption date or at maturity thereof, including any premium and all interest thereon, notwithstanding that any Bonds shall not have been surrendered for payment; or

(3) by depositing with an institution to act as escrow agent selected by the District and approved by the County and which meets the requirements of serving as Paying Agent pursuant to Section 33, in trust, lawful money or noncallable direct obligations issued by the United States Treasury (including State and Local Government Series Obligations) or obligations which are unconditionally guaranteed by the United States of America and permitted under Section 149(b) of the Code and Regulations which, in the opinion of nationally recognized bond counsel, will not impair the exclusion from gross income for federal income tax purposes of interest on the Bonds, in such amount as will, together with the interest to accrue thereon without the need for further investment, be fully sufficient, in the opinion of a verification agent satisfactory to the County, to pay and discharge all Bonds Outstanding at maturity thereof, including any premium and all interest thereon, notwithstanding that any Bonds shall not have been surrendered for payment;

then all obligations of the County, the District and the Paying Agent under this Resolution with respect to all Outstanding Bonds shall cease and terminate, except only the obligation of the Paying Agent to pay or cause to be paid to the Owners of the Bonds all sums due thereon, and the obligation of the District to pay to the Paying Agent amounts owing to the Paying Agent under Section 31 hereof.

SECTION 40. Bond Insurance. All or a portion of the Bonds may be sold with bond insurance or other form of credit enhancement, at the Underwriter's option and expense, if the Underwriter determines that the savings to the District resulting from the purchase of such bond insurance exceed the cost thereof.

The foregoing resolution was, on the ____ day of August, 2006, adopted by the Board of Supervisors of the County of Los Angeles and ex-officio the governing body of all other special assessment and taxing districts, agencies and authorities for which said Board so acts.

SACHI A. HAMAI,
Executive Officer-Clerk of the Board of
Supervisors of the County of Los Angeles

By: _____
Deputy

APPROVED AS TO FORM:

RAYMOND G. FORTNER, JR.,
County Counsel

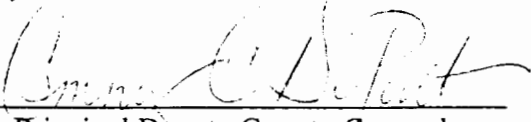
By: 
Principal Deputy County Counsel

EXHIBIT A-1

FORM OF CURRENT INTEREST BOND

UNLESS THIS BOND IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY (AS DEFINED IN THE RESOLUTION) TO THE BOND REGISTRAR FOR REGISTRATION OF TRANSFER, EXCHANGE, OR PAYMENT, AND ANY BOND ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

UNITED STATES OF AMERICA

STATE OF CALIFORNIA

COVINA-VALLEY UNIFIED SCHOOL DISTRICT (COUNTY OF LOS ANGELES)
2006 ELECTION GENERAL OBLIGATION BONDS, 2006 SERIES A

\$ _____

No. _____

Interest Rate

Maturity Date

Dated Date

CUSIP

_____%

August 1, 20__

Date of Delivery

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT:

The Covina-Valley Unified School District (the "District") of the County of Los Angeles, State of California, for value received, hereby acknowledges itself indebted and promises to pay to the Registered Owner set forth above the Principal Amount set forth above, on the Maturity Date set forth above, together with interest thereon from the dated date set forth above until the Principal Amount hereof shall have been paid or provided for, in accordance with the Resolution hereinafter referred to, at the interest rate set forth above. Interest on this Bond is payable on August 1, 2007 and semiannually thereafter on the first day of February and August (each an "Interest Payment Date") in each year to the registered owner hereof from the Interest Payment Date next preceding the date on which this Bond is registered (unless it is registered after the close of business on the fifteenth calendar day of the month preceding any Interest Payment Date (a "Record Date") and before the close of business on the immediately following Interest Payment Date, in which event it shall bear interest from such following Interest Payment Date, or unless this Bond is registered prior to the close of business on July 15, 2007, which event it shall bear interest from its date; provided, however, that if at the time of registration of this Bond interest with respect hereto is in default, interest with respect hereto shall be payable from the Interest Payment Date to which interest has previously been paid or made available for

payment). The Principal Amount hereof is payable at the office of the Treasurer and Tax Collector of the County of Los Angeles, as initial paying agent (the "Paying Agent"), in Los Angeles County, California. The interest hereon is payable by check or draft mailed by first class mail to each registered owner, at his address as it appears on the registration books kept by the Paying Agent as of the Record Date.

The Bonds of this issue are comprised of \$_____ Principal Amount of Current Interest Bonds, of which this Bond is a part (a "Current Interest Bond") [and \$_____ Principal Amount of Capital Appreciation Bonds.] This Bond is issued by the County of Los Angeles (the "County") in the name of and on behalf of the District under and in accordance with the provisions of (i) Title 1, Division 1, Part 10, Chapter 1.5 of the California Education Code (commencing with Section 15264) (the "Act") and (ii) Article XIII A of the California Constitution, and pursuant to that certain "Resolution of the Board of Supervisors of the County of Los Angeles, California Authorizing the Issuance and Sale of 2006 Election General Obligation Bonds, 2006 Series A, of Covina-Valley Unified School District in an Aggregate Principal Amount Not to Exceed \$47,000,000" adopted by the Board of Supervisors of the County on August __, 2006 (the "Resolution"). Reference is hereby made to the Resolution, a copy of which is on file at the County, for a description of the terms on which the Bonds are delivered, and the rights thereunder of the registered owners of the Bonds and the rights and duties of the Paying Agent, the County and the District, to all of the provisions of which the registered owner of this Bond, by acceptance hereof, assents and agrees. All capitalized terms used but not otherwise defined herein shall have the respective meanings set forth in the Resolution. The Bonds were authorized by a vote of more than 55% of the qualified electors of the District voting on the proposition at a general election held therein to determine whether such Bonds should be issued.

This Bond is a general obligation of the District, payable as to both Principal and interest from *ad valorem* taxes which, under the laws now in force, may be levied without limitation as to rate or amount upon all of the taxable property in the District. Neither the payment of the Principal of this Bond, or any part thereof, nor any interest or premium hereon constitute a debt, liability or obligation of the County.

This Bond is issued in fully registered form and is nonnegotiable. Registration of this Bond is transferable by the registered owner hereof, in person or by his attorney duly authorized in writing, at the aforesaid offices of the Paying Agent, but only in the manner, subject to the limitations, and upon payment of the charges, provided in the Resolution and upon surrender and cancellation of this Bond. Upon such registration of transfer, a new Bond or Bonds, of like tenor and maturity in the same Transfer Amount and in authorized denominations will be issued to the transferee in exchange herefor. The District, the County and the Paying Agent may treat the registered owner hereof as the absolute owner hereof for all purposes, whether or not this Bond shall be overdue, and shall not be affected by any notice to the contrary.

Current Interest Bonds maturing on or before August 1, 20__ shall not be subject to redemption prior to their maturity dates. Current Interest Bonds maturing on or before August 1, 20__ may be redeemed before maturity at the option of the District, from any source of funds, on August 1, 20__ or on any date thereafter as a whole, or in part, in inverse order of maturity and by lot within a maturity. For the purposes of such selection, Current Interest Bonds will be

deemed to consist of \$5,000 portions by Principal Amount, and any such portion may be separately redeemed. The Current Interest Bonds called prior to maturity will be redeemed at the following redemption prices, expressed as a percentage of par value, at the principal amount thereof, together with accrued interest to the date of redemption.

The rights and obligations of the County and of the owners of the Bonds may be modified or amended at any time by a supplemental resolution adopted by the County with the written consent of owners of at least 60% in aggregate Bond Obligation of the Outstanding Bonds, exclusive of Bonds, if any, owned by the County or the District; provided, however, that no such modification or amendment shall, without the express consent of the registered owner of each Bond affected, reduce the Principal Amount of any Bond, reduce the interest rate payable thereon, extend its maturity or the times for paying interest thereon or change the monetary medium in which the Principal and interest is payable, nor shall any modification or amendment reduce the percentage of consents required for amendment or modification hereof.

A supplemental resolution of the County may be adopted, which, without the requirement of consent of the registered owners, shall be fully effective in accordance with its terms: (1) to add to the covenants and agreements of the County in the Resolution, other covenants and agreements to be observed by the County or the District which are not contrary to or inconsistent with the Resolution as theretofore in effect; (2) to add to the limitations and restrictions in the Resolution, other limitations and restrictions to be observed by the County or the District which are not contrary to or inconsistent with the Resolution as theretofore in effect; (3) to confirm as further assurance, any pledge under, and the subjection to any lien or pledge created or to be created by the Resolution, of any moneys, securities or funds, or to establish any additional funds or accounts to be held under the Resolution; (4) to cure any ambiguity, supply any omission, or cure or correct any defect or inconsistent provision in the Resolution; or (5) to amend or supplement the Resolution in any other respect, provided such supplemental resolution does not, in the opinion of nationally recognized bond counsel, adversely affect the interests of the owners.

If this Bond is called for redemption and the Principal Amount of this Bond plus premium, if any, and accrued interest due with respect hereto are duly provided therefor as specified in the Resolution, then interest shall cease to accrue with respect hereto from and after the date fixed for redemption.

This Bond shall not become valid or obligatory for any purpose until the Certificate of Authentication hereon endorsed shall have been dated and executed manually by the Paying Agent.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED, that an election was duly and legally called, held and conducted, and the notices thereof duly given, and the results thereof canvassed and declared in accordance with the provisions of the Act and that all of the proceedings of the governing body of the District and of the Board of Supervisors of the County in the matter of the issuance of this Bond were regular and in strict accordance with the provisions of the Act and of the Constitution of the State of California, and that the total bonded indebtedness of the District, including the issue of which this Bond is a part, does not exceed any limit prescribed by said Act.

IN WITNESS WHEREOF, the County of Los Angeles has caused this Bond to be executed on behalf of the District and in their official capacities by the manual or facsimile signature of the Chair of the Board of Supervisors of the County and the Treasurer and Tax Collector of the County, and to be countersigned by the manual or facsimile signature of the Executive Officer - Clerk of the Board of Supervisors of the County, and has caused the seal of the County to be affixed hereto as of the date stated above.

COUNTY OF LOS ANGELES

By: _____
Chair of the Board of Supervisors

Countersigned:

By: _____
Executive Officer - Clerk of the Board
of Supervisors of the County

By: _____
Treasurer and Tax Collector

[SEAL]

The following Certificate of Authentication shall be printed on each Bond:

CERTIFICATE OF AUTHENTICATION

This is one of the Bonds described in the within-mentioned Resolution of the Board of Supervisors of the County of Los Angeles.

DATED: _____, 2006

TREASURER AND TAX COLLECTOR OF
THE COUNTY OF LOS ANGELES, as
Paying Agent

By: U.S. BANK NATIONAL
ASSOCIATION, as agent

By: _____
Authorized Designee

FORM OF ASSIGNMENT

FOR VALUE RECEIVED, the undersigned registered owner hereby sells, assigns and transfers unto

Name of Transferee: _____

Address for Payment of Interest: _____

Social Security Number or other Tax Identification No.: _____

the within-mentioned Bond and hereby irrevocably constitutes and appoints attorney, to transfer the same on the books of the Paying Agent with full power of substitution in the premises.

Registered Owner

Dated:

NOTICE: The signature on this Assignment must correspond with the name as written on the face of the within Bond in every particular, without alteration or enlargement or any change whatsoever.

Signature _____
guaranteed

[Bank, Trust Company or Firm]

By _____
Authorized Officer

NOTICE: Signature(s) must be guaranteed by a member firm of the New York Stock Exchange or a commercial bank or trust company.

EXHIBIT A-2

FORM OF CAPITAL APPRECIATION BOND

UNLESS THIS BOND IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY (AS DEFINED IN THE RESOLUTION) TO THE BOND REGISTRAR FOR REGISTRATION OF TRANSFER, EXCHANGE, OR PAYMENT, AND ANY BOND ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

UNITED STATES OF AMERICA

STATE OF CALIFORNIA

COVINA-VALLEY UNIFIED SCHOOL DISTRICT (COUNTY OF LOS ANGELES)
2006 ELECTION GENERAL OBLIGATION BONDS, 2006 SERIES A

No. _____

Accretion Rate

Maturity Date

Dated Date

CUSIP

____%

August 1, 20__

Date of Delivery

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT:

MATURITY AMOUNT:

The Covina-Valley Unified School District of the County of Los Angeles (the "District"), State of California, for value received, hereby acknowledges itself indebted and promises to pay to the Registered Owner set forth above the Maturity Amount set forth above, on the Maturity Date set forth above. Interest on this Bond with respect to the Principal Amount hereof will accrue at the Accretion Rate per annum shown above from the Dated Date shown above and will be compounded semiannually on February 1 and August 1 of each year until maturity, computed using a year of 360 days comprised of twelve 30-day months and shall be payable only at maturity as part of the Maturity Amount. The Maturity Amount hereof is payable at the office of the Treasurer and Tax Collector of the County of Los Angeles, as initial paying agent (the "Paying Agent"), in Los Angeles County, California.

The bonds of this issue are comprised of \$_____ of Principal Amount of Capital Appreciation Bonds of which this Bond is a part (a "Capital Appreciation Bond") and \$_____ Principal Amount of Current Interest Bonds. This Bond is issued by the County of Los Angeles (the "County") in the name of and on behalf of the District under and in

accordance with the provisions of (i) Title 1, Division 1, Part 10, Chapter 1.5 of the California Education Code (commencing with Section 15264) (the "Act") and (ii) Article XIII A of the California Constitution, and pursuant to that certain "Resolution of the Board of Supervisors of the County of Los Angeles, California Authorizing the Issuance and Sale of 2006 Election General Obligation Bonds, 2006 Series A, of Covina-Valley Unified School District in an Aggregate Amount Not to Exceed \$47,000,000" adopted by the Board of Supervisors of the County on August __, 2006 (the "Resolution"). Reference is hereby made to the Resolution, a copy of which is on file at the County, for a description of the terms on which the Bonds are delivered, and the rights thereunder of the registered owners of the Bonds and the rights and duties of the Paying Agent, the County and the District, to all of the provisions of which the registered owner of this Bond, by acceptance hereof, assents and agrees. All capitalized terms used but not otherwise defined herein shall have the respective meanings set forth in the Resolution. The Bonds were authorized by a vote of more than 55% of the qualified electors of the District voting on the proposition at a general election held therein to determine whether such Bonds should be issued.

This Bond is a general obligation of the District, payable as to Maturity Amount from *ad valorem* taxes which, under the laws now in force, may be levied without limitation as to rate or amount upon all of the taxable property in the District. Neither the payment of the Maturity Amount of this Bond, or any part hereof, nor any premium hereon constitute a debt, liability or obligation of the County.

This Bond is issued in fully registered form and is nonnegotiable. Registration of this Bond is transferable by the registered owner hereof, in person or by his attorney duly authorized in writing, at the aforesaid offices of the Paying Agent, but only in the manner, subject to the limitations, and upon payment of the charges, provided in the Resolution and upon surrender and cancellation of this Bond. Upon such registration of transfer, a new Bond or Bonds, of like tenor and maturity in the same Transfer Amount and in authorized denominations will be issued to the transferee in exchange herefor. The District, the County and the Paying Agent may treat the registered owner hereof as the absolute owner hereof for all purposes, whether or not this Bond shall be overdue, and shall not be affected by any notice to the contrary.

The Capital Appreciation Bonds are not subject to mandatory redemption prior to their maturity date.

The rights and obligations of the County and of the owners of the Bonds may be modified or amended at any time by a supplemental resolution adopted by the County with the written consent of owners of at least 60% in aggregate Bond Obligation of the Outstanding Bonds, exclusive of Bonds, if any, owned by the County or the District; provided, however, that no such modification or amendment shall, without the express consent of the registered owner of each Bond affected, reduce the Principal Amount of any Bond, reduce the interest rate payable thereon, extend its maturity or the times for paying interest thereon, extend its maturity or the times for paying interest thereon or change the monetary medium in which the Principal and interest is payable, nor shall any modification or amendment reduce the percentage of consents required for amendment or modification hereof.

A supplemental resolution of the County may be adopted, which, without the requirement of consent of the registered owners, shall be fully effective in accordance with its terms: (1) to add to the covenants and agreements of the County in the Resolution, other covenants and agreements to be observed by the County which are not contrary to or inconsistent with the Resolution as theretofore in effect; (2) to add to the limitations and restrictions in the Resolution, other limitations and restrictions to be observed by the County which are not contrary to or inconsistent with the Resolution as theretofore in effect; (3) to confirm as further assurance, any pledge under, and the subjection to any lien or pledge created or to be created by the Resolution, of any moneys, securities or funds, or to establish any additional funds or accounts to be held under the Resolution; (4) to cure any ambiguity, supply any omission, or cure or correct any defect or inconsistent provision in the Resolution; or (5) to amend or supplement the Resolution in any other respect, provided such supplemental resolution does not, in the opinion of nationally recognized bond counsel, adversely affect the interests of the owners.

[If this Bond is called for redemption and the Accreted Value, without premium, is duly provided therefor as specified in the Resolution, then interest shall cease to accrete with respect hereto from and after the date fixed for redemption.]

This Bond shall not become valid or obligatory for any purpose until the Certificate of Authentication hereon endorsed shall have been dated and executed manually by the Paying Agent.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED, that an election was duly and legally called, held and conducted, and the notices thereof duly given, and the results thereof canvassed and declared in accordance with the provisions of the Act and that all of the proceedings of the governing body of the District and of the Board of Supervisors of the County in the matter of the issuance of this Bond were regular and in strict accordance with the provisions of the Act and of the Constitution of the State of California, and that the total bonded indebtedness of the District, including the issue of which this Bond is a part, does not exceed any limit prescribed by said Act.

IN WITNESS WHEREOF, the County of Los Angeles has caused this Bond to be executed on behalf of the District and in their official capacities by the manual or facsimile signature of the Chair of the Board of Supervisors of the County and the Treasurer and Tax Collector of the County, and to be countersigned by the manual or facsimile signature of the Executive Officer-Clerk of the Board of Supervisors of the County, and has caused the seal of the County to be affixed hereto as of the date stated above.

COUNTY OF LOS ANGELES

By: _____
Chair of the Board of Supervisors

Countersigned:

By: _____
Executive Officer - Clerk of the Board
of Supervisors of the County

By: _____
Treasurer and Tax Collector

[SEAL]

The following Certificate of Authentication shall be printed on each Bond:

CERTIFICATE OF AUTHENTICATION

This is one of the Bonds described in the within-mentioned Resolution of the Board of Supervisors of the County of Los Angeles.

DATED: _____, 2006

TREASURER AND TAX COLLECTOR OF
THE COUNTY OF LOS ANGELES, as
Paying Agent

By: U.S. BANK NATIONAL
ASSOCIATION, as agent

By: _____
Authorized Officer

FORM OF ASSIGNMENT

FOR VALUE RECEIVED, the undersigned registered owner hereby sells, assigns and transfers unto

Name of Transferee: _____

Address for Payment of Interest: _____

Social Security Number or other Tax Identification No.: _____

the within-mentioned Bond and hereby irrevocably constitutes and appoints attorney, to transfer the same on the books of the Paying Agent with full power of substitution in the premises.

Registered Owner

Dated:

NOTICE: The signature on this Assignment must correspond with the name as written on the face of the within Bond in every particular, without alteration or enlargement or any change whatsoever.

Signature _____
guaranteed

[Bank, Trust Company or Firm]

By _____
Authorized Officer

NOTICE: Signature(s) must be guaranteed by a member firm of the New York Stock Exchange or a commercial bank or trust company.

EXHIBIT B
FORM OF PURCHASE CONTRACT

§ _____
**COVINA-VALLEY UNIFIED SCHOOL DISTRICT
LOS ANGELES COUNTY, CALIFORNIA
2006 ELECTION GENERAL OBLIGATION BONDS,
2006 SERIES A**

BOND PURCHASE AGREEMENT

August __, 2006

Board of Supervisors
County of Los Angeles
Hall of Administration
500 West Temple Street, Room 437
Los Angeles, California 90012

Superintendent
Covina-Valley Unified School District
510 E. Badillo Street
Covina, California 91722

Ladies and Gentlemen:

The undersigned _____ (the "Underwriter") offers to enter into this Bond Purchase Agreement (the "Purchase Agreement") with the County of Los Angeles (the "County") and Covina-Valley Unified School District (the "District"), which, upon your acceptance hereof, will be binding upon the County, the District and the Underwriter. This offer is made subject to the written acceptance of this Purchase Agreement by the County and the District and delivery of such acceptance to us at or prior to 11:59 P.M., California Time, on the date hereof.

1. **Purchase and Sale of the Bonds.** Upon the terms and conditions and in reliance upon the representations, warranties and agreements herein set forth, the Underwriter hereby agree to purchase from the County for reoffering to the public, and the County hereby agrees to sell to the Underwriter for such purpose, all (but not less than all) of \$_____ in aggregate principal amount of the 2006 Election District's General Obligation Bonds, 2006 Series A (the "Bonds"), and the Underwriter hereby agrees to purchase the Bonds for reoffering to the public. The Bonds shall be issued as Current Interest Bonds and/or Capital Appreciation Bonds and shall bear or accrete interest at the rates with the approximate yields to maturity, and shall mature in the years shown on Exhibit A hereto, which is incorporated herein by this reference. The Current Interest Bonds (as defined in the County Resolution described below) shall bear interest payable from the date thereof as specified in Section 3 herein on each February 1 and August 1 commencing [August 1, 2007]. [The Capital Appreciation Bonds (as defined in the County Resolution described below) shall accrete interest from their date, as specified in Section 3 herein, compounded semiannually on February 1 and August 1 commencing on [August 1, 2007] and shall be paid at maturity as shown in Exhibit A hereto.] The Underwriter

shall purchase the Bonds at a price of \$_____ (consisting of the principal amount of the Bonds of \$_____, [plus original issue premium of \$_____ (a portion of which is to be used by the Underwriter towards payment of certain costs of issuance in the amount of \$_____, the premium for a municipal bond insurance policy, if any, and Underwriter's discount of \$_____), plus accrued interest]. Any costs of issuance not covered by original issue premium shall be paid by the District.

2. **Good Faith Deposit.** The amount of \$_____ has been, or within two (2) business days hereof will be, wired to the District's Building Fund as security for the performance by the Underwriter of its obligation to accept and pay for the Bonds at the Closing as provided in Section 1 hereof. If the Underwriter complies with that obligation, the good faith deposit shall be credited toward the payment of the purchase price of the Bonds by the Underwriter at the Closing, as provided in Section 1 hereof. If the County does not accept this offer, the good faith deposit shall be promptly returned to the Underwriter. If the County fails to deliver the Bonds at the Closing, or if the County or the District shall be unable to satisfy the conditions of the obligation of the Underwriter to purchase and accept delivery of the Bonds as set forth in this Purchase Agreement, or if the obligation of the Underwriter with respect to the Bonds shall be terminated for any reason permitted by this Purchase Agreement, this Purchase Agreement shall terminate and neither the Underwriter nor the County or the District shall be under further obligation hereunder, except that the amount of the good faith deposit shall immediately be paid to the Underwriter and the respective obligations of the County, the District and the Underwriter for the payment of expenses, as provided in Section 13, shall continue in full force and effect. If the Underwriter fails (other than for a reason permitted hereunder) to accept and pay for the Bonds at the Closing as herein provided, the amount of the good faith deposit shall be retained by the District as full liquidated damages for such failure and for any defaults hereunder on the Underwriter's part and shall constitute a full release and discharge of all claims and damages for such failure and for such defaults. The Underwriter understands that District's actual damages may be greater or may be less than the amount of the good faith deposit. Accordingly, the Underwriter hereby waives any right to claim that the District's actual damages are less than such sum, and the County's and the District's acceptance of this offer shall constitute a waiver of any right the County or the District may have to additional damages from the Underwriter. Any interest or other income from the investment of the good faith deposit by the District shall belong to the District.

3. **The Bonds.** The Bonds shall be dated their date of delivery and shall mature on August 1 in the years shown on Exhibit A hereto. The Bonds shall otherwise be as described in, and shall be issued and secured pursuant to the provisions of the Resolution of the District adopted on July __, 2006 (the "District Resolution"), and Section 15264, *et seq.* of the California Education Code and pursuant to the Resolution of the County adopted on August __, 2006 (the "County Resolution" and, collectively with the District Resolution, the "Resolutions") and Section 15264 *et seq.*, of the California Education Code (the "Act"), as appropriate. The Paying Agent for the Bonds, as designated by the County Resolution, shall be the Treasurer and Tax Collector of the County of Los Angeles (the "Paying Agent").

The Bonds shall be executed and delivered under and in accordance with the provisions of this Purchase Agreement and the Resolutions, as the Resolutions may be modified hereby. The Bonds shall be in book-entry form, shall bear CUSIP numbers, shall be in fully

registered form, registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"); the Bonds shall be in authorized denominations of \$5,000 each or any integral multiple thereof, except that one maturity may be in an irregular amount. The Bonds shall be delivered to DTC at least one business day prior to the Closing.

Dependent upon pricing and availability, the Bonds shall be secured by a policy of municipal bond insurance selected by the Underwriter at its option and expense.

4. **Use of Documents.** The County and the District hereby authorize the Underwriter to use, in connection with the offering and sale of the Bonds, this Purchase Agreement, the Official Statement, the District Resolution, the County Resolution and all information contained herein and therein and all of the documents, certificates or statements furnished by the County or the District to the Underwriter in connection with the transactions contemplated by this Purchase Agreement.

5. **Public Offering of the Bonds.** The Underwriter agrees to make a *bona fide* public offering of all the Bonds at the initial public offering price or yield to be set forth on the cover page of the Official Statement. Subsequent to such initial public offering, the Underwriter reserves the right to change such initial public offering price or yield as it deems necessary in connection with the marketing of the Bonds.

6. **Review of Official Statement.** The Underwriter hereby represents that it has received and reviewed the Preliminary Official Statement with respect to the Bonds, dated August __, 2006 (the "Preliminary Official Statement"), including the cover page and Appendices thereto, relating to the Bonds. The District represents that it deems the Preliminary Official Statement to be final as of its date, except for either revision or addition of the offering price(s), interest rate(s), yield(s) to maturity, selling compensation, aggregate principal amount, principal amount per maturity, delivery date, rating(s) and other terms of the Bonds which depend upon the foregoing as provided in and pursuant to Rule 15c2-12 of the Securities and Exchange Commission under the Securities and Exchange Act of 1934, as amended (the "Rule").

The District hereby authorizes the preparation of a final Official Statement respecting the Bonds following the execution hereof (the "Official Statement") and the District hereby authorizes the use thereof by the Underwriter in connection with the public offering and sale of the Bonds. The District shall provide, or cause to be provided, to the Underwriter as soon as practicable after the date of the District's acceptance of this Agreement (but, in any event, not later than seven business days after the execution hereof, and in sufficient time to accompany any confirmation of a sale of Bonds) copies of the Official Statement, which is complete as of the date of its delivery to the Underwriter, in such reasonable quantities as the Underwriter shall request in order to comply with Section (b)(4) of the Rule and the rules of the Municipal Securities Rulemaking Board but in no event more than 200 copies.

The Underwriter agrees that prior to the time the final Official Statement relating to the Bonds is available, the Underwriter will send to any potential purchaser of the Bonds, upon the request of such potential purchaser, a copy of the Preliminary Official Statement. Such Preliminary Official Statement shall be sent by first class mail or electronic distribution (or other

equally prompt means) not later than the first business day following the date upon which each such request is received.

7. **Closing.** At 9:00 a.m., California Time, on August [31], 2006, or at such other time or on such other date as shall have been mutually agreed upon by the District and the Underwriter (the "Closing"), the District will deliver to the Underwriter, at the offices of DTC, or at such other place as the parties may mutually agree upon, the Bonds in book-entry form, duly executed and registered as provided in Section 3 above, together with the other documents hereinafter mentioned; and the Underwriter will accept such delivery and pay the purchase price thereof in immediately available funds by wire transfer to an account or accounts within the United States designated by the District. The Underwriter shall pay or provide for payment of the costs of issuance of the Bonds and the premium for a municipal bond insurance policy, if any, from original issue premium retained by the Underwriter.

8. **Representations, Warranties and Agreements of the District.** The District hereby represents, warrants and agrees with the Underwriter that:

A. The District is a unified school district duly organized and validly existing under the laws of the State of California, with full legal right, power and authority to issue the Bonds pursuant to the Act; (ii) to enter into, execute and deliver this Purchase Agreement, the Continuing Disclosure Agreement appended to the Official Statement, and (iii) to adopt the District Resolution.

B. (i) At or prior to the Closing, the District will have taken all action required to be taken by it to authorize the issuance and delivery of the Bonds; (ii) the District has the legal right, power and authority to enter into this Purchase Agreement, to adopt the District Resolution, to issue and deliver the Bonds, to perform its obligations under each such document or instrument, and to carry out and effectuate the transactions contemplated by this Purchase Agreement and the District Resolution; (iii) the execution and delivery or adoption of, and the performance by the District of the obligations contained in the Bonds, the District Resolution and this Purchase Agreement have been duly authorized and such authorization shall be in force and effect at the time of the Closing; (iv) this Purchase Agreement constitutes a valid and legally binding obligation of the District; and (v) the District has duly authorized the consummation by it of all transactions contemplated by this Purchase Agreement.

C. No consent, approval, authorization, order, filing, registration, qualification, election or referendum, of or by any person, organization, court or governmental agency or public body whatsoever is required in connection with the issuance, delivery or sale of the Bonds or the consummation of the other transactions effected or contemplated herein or hereby, except for such actions may be to qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and jurisdictions of the United States and the Underwriter may reasonably request, or which have not been taken or obtained; provided, however, that the District shall not be required to subject itself

to service of process in any jurisdiction in which it is not so subject as of the date hereof.

D. The District has complied with the requirements of the Internal Revenue Code of 1986, as amended, applicable to the Bonds.

E. To the best knowledge of the District, the issuance of the Bonds, and the execution, delivery and performance of this Purchase Agreement, the District Resolution, the Continuing Disclosure Agreement respecting the Bonds (the "Continuing Disclosure Agreement") and the Bonds, and the compliance with the provisions hereof do not conflict with or constitute on the part of the District a violation of or default under, the Constitution of the State of California or any existing law, charter, ordinance, regulation, decree, order or resolution and do not conflict with or result in a violation or breach of, or constitute a default under, any agreement, indenture, mortgage, lease or other instrument to which the District is a party or by which it is bound or to which it is subject.

F. As of the time of acceptance hereof no action, suit, hearing or investigation is pending or, to the best knowledge of the District, threatened: (i) in any way affecting the existence of the District or in any way challenging the respective powers of the several offices or the titles of the officials of the District to such offices; or (ii) seeking to restrain or enjoin the sale, issuance or delivery of the Bonds, the application of the proceeds of the sale of the Bonds, or the collection of *ad valorem* taxes or funds of the District on deposit with the Treasurer and Tax Collector of the County available to pay the principal of and interest on the Bonds, or in any way contesting or affecting the validity or enforceability of the Bonds, this Purchase Agreement or the District Resolution or contesting the powers of the District or its authority with respect to the Bonds, this Purchase Agreement or the District Resolution; or (iii) in which a final adverse decision could (a) materially adversely affect the operations of the District or the consummation of the transactions contemplated by this Purchase Agreement or the District Resolution, (b) declare this Purchase Agreement to be invalid or unenforceable in whole or in material part, or (c) adversely affect the exclusion of the interest paid on the Bonds from gross income for federal income tax purposes or the exemption of such interest from California personal income taxation.

G. Between the date hereof and the Closing, without the prior written consent of the Underwriter, neither the District nor the County in the name and on behalf of the District, will have issued any bonds, notes or other obligations for borrowed money except for such borrowings as may be described in or contemplated by the Official Statement.

H. The District has not been notified of any listing or proposed listing by the Internal Revenue Service to the effect that the District is a bond issuer whose arbitrage certificates may not be relied upon.

I. Any certificates signed by any officer of the District and delivered to the Underwriter shall be deemed a representation and warranty by the District to the Underwriter, but not by the person signing the same, as to the statements made therein.

J. With respect to any certificates by the District pursuant to Section 42131 of the Education Code of the State, the District has not received, and for the next reporting period does not expect to receive, a qualified or negative classification from the County Superintendent of Schools.

K. In accordance with the requirements of the Rule, the District will enter into the Continuing Disclosure Agreement, upon or prior to the sale of the Bonds, in which the District will undertake, for the benefit of the Owners of the Bonds, to provide certain information as set forth therein. The District is current in all previous filings required to be made pursuant to the Rule.

9. **Representations by the County.** The County represents and warrants to the Underwriter that:

A. As of the time of acceptance hereof, no action, suit, hearing or investigation is pending or, to the best knowledge of the County, threatened against the County: (i) in any way affecting the existence of the County or in any way challenging the respective powers of the several offices or the titles of the officials of the County to such offices; or (ii) seeking to restrain or enjoin the sale, issuance or delivery of any of the Bonds, the application of the proceeds of the sale of the Bonds, or the collection of revenues or assets of the District pledged or to be pledged or available to pay the principal of and interest on the Bonds, or in any way contesting or affecting the validity or enforceability of the Bonds, this Purchase Agreement or the County Resolution or contesting the powers of the County or its authority with respect to the Bonds, this Purchase Agreement or the County Resolution; or (iii) in which a final adverse decision would (a) declare this Purchase Agreement to be invalid or unenforceable in whole or in material part, or (b) adversely affect the exclusion of the interest paid on the Bonds from gross income for federal income tax purposes or the exemption of such interest from California personal income taxation.

B. Between the date hereof and the Closing, without prior written consent of the Underwriter, the County will not have issued in the name and on behalf of the District any bonds, notes or other obligations for borrowed money except for such borrowings as may be described in or contemplated by the Official Statement.

C. The County has not been notified of any listing or proposed listing by the Internal Revenue Service to the effect that the County is a bond issuer whose arbitrage certificates may not be relied upon.

D. Any certificates signed by an officer of the County and delivered to the Underwriter shall be deemed a representation and warranty by the County to the

Underwriter, but not by the person signing the same, as to the statements made therein.

10. **Covenants of the District.** The District covenants and agrees with the Underwriter that:

A. The District will furnish such information, execute such instruments, and take such other action in cooperation with the Underwriter if and as the Underwriter may reasonably request in order to qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and jurisdictions, provided, however, that the District shall not be required to consent to service of process in any jurisdiction in which it is not so subject as of the date hereof;

B. The District agrees to apply the proceeds from the sale of the Bonds for the purposes specified in the Resolutions and the purposes specifically designated in its official project list approved by the electorate of the District on June 6, 2006;

C. The District hereby agrees to deliver or cause to be delivered to the Underwriter, not later than the seventh (7th) business day following the date this Purchase Agreement is signed, copies of a final Official Statement substantially in the form of the Preliminary Official Statement, with only such changes therein as shall have been reasonably accepted by the Underwriter and the District (such Official Statement with such changes, if any, and including the cover page and all appendices, exhibits, maps, reports and statements included therein or attached thereto being herein called the "Official Statement") in such quantities as may be requested by the Underwriter not later than five (5) business days following the date this Purchase Agreement is signed, in order to permit the Underwriter to comply with paragraph (b)(4) of the Rule and with the rules of the Municipal Securities Rulemaking Board; provided, however, that the failure of the District to comply with this requirement due solely to the acts of the Underwriter or its agents, shall not be considered cause for the Underwriter to refuse to accept delivery of and pay for the Bonds. The District hereby authorizes the Underwriter to use and distribute the Official Statement in connection with the offering and sale of the Bonds;

D. For a period of ninety (90) days after the Closing or until such time (if earlier) as the Underwriter shall no longer hold any of the Bonds for sale, the District will not adopt any amendment of or supplement to the Official Statement to which, after having been furnished with a copy, the Underwriter shall object in writing or which shall be disapproved by the Underwriter; and if any event relating to or affecting the District or the Bonds shall occur which might affect the correctness or completeness of any statement of a material fact contained in the Official Statement, the District will promptly notify the Underwriter in writing of the circumstances and details of such event. If, as a result of such event or any other event, it is necessary, in the reasonable opinion of Bond Counsel or the

Underwriter, to amend or supplement the Official Statement in order to make the statements therein, in light of the circumstances under which they were made, not misleading and shall have so advised the District, the District will forthwith cooperate with the Underwriter in the prompt preparation and furnishing to the Underwriter, at the expense of the District, of a reasonable number of copies of an amendment of or a supplement to the Official Statement, in form and substance reasonably satisfactory to the Underwriter, which will so amend or supplement the Official Statement so that, as amended or supplemented, it will not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

11. **Conditions to Closing.** The Underwriter has entered into this Purchase Agreement in reliance upon the representations and warranties of the District and the County contained herein and the performance by the District and the County of their respective obligations hereunder, both as of the date hereof and as of the date of Closing. The Underwriter's obligations under this Purchase Agreement are and shall be subject, at the option of the Underwriter, to the following further conditions at the Closing:

A. The representations and warranties of the District and the County contained herein shall be true, complete and correct in all material respects at the date hereof and at and as of the Closing, as if made at and as of the Closing, and the statements made in all certificates and other documents delivered to the Underwriter at the Closing pursuant hereto shall be true, complete and correct in all material respects on the date of the Closing; and the District shall be in compliance with each of the agreements made by it in this Purchase Agreement;

B. At the time of the Closing, (i) the Official Statement, this Purchase Agreement and the Resolutions shall be in full force and effect and shall not have been amended, modified or supplemented except as may have been agreed to in writing by the Underwriter; (ii) all actions under the Act which, in the opinion of Bond Counsel, shall be necessary in connection with the transactions contemplated hereby, shall have been duly taken and shall be in full force and effect; and (iii) the District shall perform or have performed all of its obligations required under or specified in the Resolutions, this Purchase Agreement or the Official Statement to be performed at or prior to the Closing;

C. No decision, ruling or finding shall have been entered by any court or governmental authority since the date of this Purchase Agreement (and not reversed on appeal or otherwise set aside), or to the best knowledge of the District, pending or threatened, which has any of the effects described in Section 8.A. hereof, or contesting in any way the completeness or accuracy of the Official Statement;

D. Between the date hereof and the Closing, the market price for the Bonds, or the market for or marketability of the Bonds at the initial offering prices set forth in the Official Statement, or the ability of the Underwriter to enforce

contracts for the sale of the Bonds, shall not have been materially adversely affected in the reasonable professional judgment of the Underwriter (evidenced by a written notice to the District terminating the obligation of the Underwriter to accept delivery of and pay for the Bonds) by reason of any of the following:

(1) legislation enacted by the Congress of the United States, or passed by either House of the Congress, or favorably reported for passage to either House of the Congress by any Committee of such House to which such legislation has been referred for consideration, or by the legislature of the State of California (the State”), or introduced in the Congress or recommended for passage by the President of the United States, or a decision rendered by a court of the United States or the State or by the United States Tax Court, or an order, regulation (final, temporary or proposed) or official statement issued or made:

(i) by or on behalf of the United States Treasury Department, or by or on behalf of the Internal Revenue Service or other federal or State authority, which would have the purpose or effect of changing, directly or indirectly, the federal income tax consequences or State tax consequences of interest on obligations of the general character of the Bonds in the hands of the holders thereof; or

(ii) by or on behalf of the Securities and Exchange Commission, or any other governmental agency having jurisdiction over the subject matter thereof, to the effect that the Bonds, or obligations of the general character of the Bonds, including any and all underlying arrangements, are not exempt from registration under the Securities Act of 1933, as amended;

(2) the declaration of war or engagement in or material escalation of major military hostilities by the United States or the occurrence of any other national or international emergency or calamity or crisis relating to the effective operation of the government or the financial community in the United States;

(3) the declaration of a general banking moratorium by federal, New York or State authorities having jurisdiction, or the general suspension of trading on any national securities exchange or fixing of minimum or maximum prices for trading or maximum ranges for prices for securities on any national securities exchange, whether by virtue of a determination by that exchange or by order of the Securities and Exchange Commission or any other governmental authority having jurisdiction;

(4) the imposition by the New York Stock Exchange, other national securities exchange, or any governmental authority, of any material restrictions not now in force with respect to the Bonds, or obligations of

the general character of the Bonds, or securities generally, or the material increase of any such restrictions now in force, including those relating to the extension of credit by, or the charge to the net capital requirements of, Underwriter;

(5) an order, decree or injunction of any court of competent jurisdiction, or order, regulation or official statement by the Securities and Exchange Commission, or any other governmental agency having jurisdiction over the subject matter thereof, issued or made to the effect that the issuance, offering or sale of obligations of the general character of the Bonds, or the issuance, offering or sale of the Bonds, as contemplated hereby or by the Official Statement, is or would be in violation of the Federal securities laws, as amended and then in effect;

(6) the withdrawal or downgrading of any rating of any of the District's outstanding indebtedness by a national rating agency; or

(7) any event's occurring, or information's becoming known which, in the reasonable judgment of the Underwriter, makes untrue in any material adverse respect any statement or information set forth in the Official Statement, or results in an omission to state a material fact required to be stated therein or necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading.

E. At or prior to the date of the Closing, the Underwriter shall receive three copies of the following documents, in each case dated as of the Closing Date and satisfactory in form and substance to the Underwriter:

(1) An approving opinion or opinions of Bond Counsel as to the validity and tax status of the Bonds, dated the date of the Closing, addressed to the County and the District;

(2) A reliance letter from Bond Counsel to the effect that the Underwriter may rely upon the approving opinion(s) described in E(1) above;

(3) A supplemental opinion from Bond Counsel, to the effect that:

(a) this Purchase Agreement has been duly authorized, executed and delivered by the District and, assuming due authorization, execution and delivery by the Representative and the County, is a valid and binding agreement of the District, subject to laws relating to bankruptcy, insolvency, reorganization, moratorium or creditors' rights generally and to the application of equitable principles and to the exercise of judicial discretion in appropriate cases and to the limitation on legal remedies against public entities in the State of California;

(b) the statements contained in the Official Statement in the sections thereof entitled: "THE BONDS" (excluding statements under the subcaption "Book Entry Only System"), "SECURITY FOR THE BONDS" and "TAX MATTERS," insofar as such statements purport to summarize certain provisions of the Bonds, the District Resolution and the County Resolution, are fair and accurate in all material respects; and

(c) the Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Resolutions are exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended.

(4) A certificate signed by an appropriate official of the District to the effect that (i) such official is authorized to execute this Purchase Agreement, (ii) the representations, agreements and warranties of the District herein are true and correct in all material respects as of the date of Closing, (iii) the District has complied with all the terms of the District Resolution and this Purchase Agreement to be complied with by the District prior to or concurrently with the Closing and such documents are in full force and effect, (iv) such official has reviewed the Official Statement and on such basis certifies that the Official Statement does not contain any untrue statements of a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances in which they were made, not misleading and (v) the Bonds being delivered on the date of the Closing to the Underwriter under this Purchase Agreement substantially conform to the descriptions thereof contained in the Resolutions;

(5) A nonarbitrage certificate of the District in form satisfactory to Bond Counsel;

(6) Evidence satisfactory to the Underwriter that the Bonds shall have been rated "___" by Standard & Poor's (or such other equivalent rating as such rating agency may give) and that such rating has not been revoked or downgraded;

(7) A certificate, together with fully executed copies of the District Resolution, of the Secretary of the Governing Board to the effect that:

(i) such copies are true and correct copies of the District Resolution; and

(ii) that the District Resolution was duly adopted and has not been modified, amended, rescinded or revoked and is in full force and effect on the date of the Closing.

(8) An opinion of Counsel to the District, to the effect that there is no action, suit, proceeding, inquiry or investigation, at law or in equity,

before or by any court or public body, pending or to his or her knowledge, threatened against the District contesting in any way the completeness or accuracy of the Official Statement, the due adoption of the District Resolution, and that there is no breach or default under any other instruments which is caused by the issuance of the Bonds or the entering into of this Purchase Agreement;

(9) An opinion of County Counsel in form and substance satisfactory to the Underwriter;

(10) A certificate, together with a fully executed copy of the County Resolution, to the effect that:

(a) such copy is a true and correct copy of the County Resolution; and

(b) that the County Resolution was duly adopted, and is still in full force and effect;

(11) A “deemed final” certificate of the appropriate official(s) of the District evidencing their determinations respecting the Preliminary Official Statement in accordance with the Rule;

(12) A Continuing Disclosure Agreement signed by an appropriate official of the District;

(13) A certificate of the Paying Agent dated the date of the Closing, signed by a duly authorized office of the Paying Agent, and in form and substance satisfactory to the Underwriter, to the effect that, to the best of such officer’s knowledge, no litigation is pending or threatened (either in state or federal courts) (A) seeking to restrain or enjoin the delivery by the Paying Agent of any of the Bonds, or (B) in any way contesting or affecting any authority of the Paying Agent for the delivery of the Bonds or the validity or enforceability of the Bonds or any agreement with the Paying Agent;

(14) A municipal bond insurance policy issued by _____, with respect to the Bonds, together with an opinion of general counsel to such insurer as to the enforceability thereof;

(15) Such additional legal opinions, certificates, proceedings, instruments, and other documents as the Underwriter may reasonably request in order to evidence compliance (i) by the District with legal requirements, (ii) the truth and accuracy, as of the time of Closing, of the representations of the District herein contained and of the Official Statement, and (iii) the due performance or satisfaction by the District at or prior to such time of all agreements then to be performed and all conditions then to be satisfied by the District.

F. Notwithstanding anything to the contrary herein contained, if for any reason whatsoever, the Bonds shall not have been delivered by the District to DTC for checking prior to the close of business, California Time, on August [30], 2006, then the obligation to purchase Bonds hereunder shall terminate and be of no further force or effect except with respect to the obligations of the District and the Underwriter under Section 11 hereof.

If the County or the District shall be unable to satisfy the conditions to the Underwriter's obligations contained in this Purchase Agreement or if the Underwriter's obligations shall be terminated for any reason permitted by this Purchase Agreement, this Purchase Agreement may be cancelled by the Underwriter at, or at any time prior to, the time of Closing. Notice of such cancellation shall be given to the County and the District in writing or by telephone or telecopy, confirmed in writing. Notwithstanding any provision herein to the contrary, the performance of any and all obligations of the District hereunder and the performance of any and all conditions contained herein for the benefit of the Underwriter may be waived by the Underwriter in writing at its sole discretion.

12. Conditions to Obligations of the County and the District. The performance by the County and the District of their respective obligations under this Purchase Agreement is conditioned upon (i) the performance by the Underwriter of its obligations hereunder; and (ii) receipt by the County and the District and by the Underwriter of opinions and certificates being delivered at the Closing by persons and entities other than themselves.

13. Expenses. The Bonds are being sold with an original issue premium in order to provide funds to pay costs of issuance thereof and the premium for a municipal bond insurance policy, if any, as described in Section 1 above. The District shall pay any expenses incident to the performance of its obligations hereunder from the proceeds of the Bonds, including but not limited to the following: (i) the fees and disbursements of Bond Counsel; (ii) the cost of the preparation, printing and delivery of the Bonds; (iii) the costs of the preparation, printing, and delivery of the Bonds; (iv) the initial fees of the Paying Agent; and (v) all other fees and expenses incident to the issuance and sale of Bonds, but only to the extent that original issue premium retained by the Underwriter proves insufficient to pay the same. In the event that following payment of the expenses set forth above, the amount retained by the Underwriter to pay costs of issuance exceeds the actual costs described herein, the Underwriter shall remit any remaining amount to the District and the District shall deposit such amount into the District's Debt Service Fund. Any expenses owing following the depletion of said amount shall be for the account of the District. The Underwriter shall pay its out-of-pocket expenses, including but not limited to the California Debt and Investment Advisory Commission and CUSIP fees, travel and other expenses incurred in connection with the public offering and distribution of the Bonds (including all advertisement expenses and "blue sky" filing fees) and the fees and expenses of its counsel.

14. Notices. Any notice or other communication to be given under this Purchase Agreement (other than the acceptance hereof as specified in the first paragraph hereof) may be given by delivering the same in writing, if to the County, to the Treasurer and Tax Collector, County of Los Angeles, Hall of Administration, 500 West Temple Street, Los Angeles, California 90012; if to the District, to the Superintendent of Covina-Valley Unified

School District, 519 E. Badillo Street, Covina, California 91722 or if to the Underwriter, to _____.

15. **Parties In Interest; Survival of Representations and Warranties.** This Purchase Agreement when accepted by the County and the District in writing as heretofore specified shall constitute the entire agreement among the County, the District and the Underwriter. This Purchase Agreement is made solely for the benefit of the County, the District and the Underwriter (including the successors or assigns of the Underwriter). No person shall acquire or have any rights hereunder or by virtue hereof. All the representations, warranties and agreements of the County or the District in this Purchase Agreement shall survive regardless of (a) any investigation of any statement in respect thereof made by or on behalf of the Underwriter, (b) delivery of and payment by the Underwriter for the Bonds hereunder, and (c) any termination of this Purchase Agreement.

16. **Execution in Counterparts.** This Purchase Agreement may be executed in several counterparts each of which shall be regarded as an original and all of which shall constitute but one and the same document.

17. **Applicable Law.** This Purchase Agreement shall be interpreted, governed and enforced in accordance with the law of the State of California applicable to contracts made and performed in such State.

Very truly yours,

By _____
Title: _____

The foregoing is hereby agreed to and accepted as of the date first above written:

**COVINA-VALLEY
UNIFIED SCHOOL DISTRICT**

By _____
Superintendent

COUNTY OF LOS ANGELES

By _____
Treasurer and Tax Collector

Approved as to form:

RAYMOND G. FORTNER, JR.
COUNTY COUNSEL

By _____
Principal Deputy County Counsel

EXHIBIT A

MATURITY SCHEDULES AND INTEREST RATES

\$ _____ Current Interest Bonds

<u>Maturity Date</u> <u>(August 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>
[TO COME]			

\$ _____ % Term Bonds due August 1, 20__ Yielding _____ %

[\$ _____ Capital Appreciation Bonds]

<u>Maturity Date</u> <u>(August 1)</u>	<u>Original</u> <u>Principal Amount</u>	<u>Coupon</u>	<u>Yield</u>	<u>Price</u>	<u>Accreted</u> <u>Value at</u> <u>Maturity</u>
[TO COME]					

REDEMPTION PROVISIONS

Optional Redemption. The Bonds maturing on or before August 1, 20__, are not subject to redemption prior to their maturity dates. The Bonds maturing on or after August 1, 20__, may be redeemed before maturity at the option of the District, from any source of funds, on August 1, 20__, or on any date thereafter as a whole, or on any Interest Payment Date thereafter in part in inverse order of maturity and by lot within a maturity. The Bonds called prior to maturity will be redeemed at the following redemption prices, expressed as a percentage of the principal amount thereof, together with accrued interest to the date of redemption:

<u>Redemption Dates</u>	<u>Redemption Prices</u>
August 1, 20__ through August, 20__	101%
August 1, 20__ and thereafter	100%

Mandatory Sinking Fund Redemption. The Bonds maturing on August 1, [20__] shall be subject to mandatory sinking fund redemption, in part by lot, on August 1 in each of the years and in the respective principal amounts as set forth in the following schedule, at a redemption price equal to one hundred percent (100%) of the principal amount thereof to be redeemed (without premium), together with interest accrued thereon to the date fixed for redemption:

Redemption Date (August 1)	Mandatory Sinking Fund Payment
-------------------------------	-----------------------------------

*

*Final Maturity.

**Covina-Valley Unified School District
County of Los Angeles, State of California**

RESOLUTION NO. 06-07-01

**RESOLUTION AUTHORIZING ISSUANCE OF NOT TO EXCEED
\$47,000,000 OF COVINA-VALLEY UNIFIED SCHOOL DISTRICT
2006 ELECTION GENERAL OBLIGATION BONDS, 2006 SERIES A**

WHEREAS, the issuance of not to exceed \$66,000,000 aggregate principal amount of general obligation bonds (the "Authorization") of the Covina-Valley Unified School District (the "District"), County of Los Angeles (the "County"), State of California, was authorized at an election (the "Election") held in said District on June 6, 2006, the proceeds of which are to be used for the construction and improvement of various parcels of real property and the furnishing and equipping of facilities of the District; and

WHEREAS, the Registrar-Recorder/County Clerk of the County certified to the effect that the official canvass of returns for the Election reflected that more than 55% of the votes cast on the District's bond measure submitted to the voters at the Election (the "Measure") were cast in favor of the Measure, and such result has been entered in the minutes of this Governing Board of the District (the "District Board"); and

WHEREAS, Section 15140 of the Education Code of the State of California authorizes the Board of Supervisors of the County (the "County Board") to borrow funds through the issuance of bonds in the name and on behalf of the District, pursuant to a resolution adopted by the District; and

WHEREAS, the District Board has determined that financial market conditions are favorable for the issuance and sale of not to exceed \$47,000,000 of the Authorization to be used for the Projects approved by the voters at the Election; and

WHEREAS, the District Board hereby determines that such bonds should be offered at this time, in one or more series, and requests the County Board to offer such bonds for sale; and

WHEREAS, the District Board has previously retained Government Financial Strategies inc. as its Financial Advisor (the "Financial Advisor") and Fulbright & Jaworski L.L.P. as its Bond Counsel ("Bond Counsel") in connection with the issuance of such bonds; and

WHEREAS, there has been presented to this meeting of the District Board a form of Preliminary Official Statement (the "Preliminary Official Statement") relating to the marketing and sale of such bonds;

NOW, THEREFORE, BE IT RESOLVED by the Governing Board of the District, as follows:

Section 1. Recitals. The foregoing recitals are true and correct.

Section 2. Purpose and Authorization. This District Board hereby determines that general obligation bonds of the District in the aggregate principal or issue amount of not to exceed \$47,000,000 be offered for sale, in one or more series (the "Bonds"), as more particularly described in Section 3 below, the proceeds of which are to be used for the acquisition and improvement of certain real property, equipping and furnishing of facilities of the District, as set forth in the bond proposition approved at the Election, including the prepayment of certain existing lease obligations.

Section 3. Purchase Contract and Terms of Bonds. For the above purposes, this District Board hereby requests the County Board to issue the Bonds and to order such Bonds to be sold at a negotiated sale in accordance with a Purchase Contract (the "Purchase Contract") to be prepared and entered into by and among the District, the County and an underwriting firm or firms to be selected by the District, upon consultation with the Financial Advisor, in accordance with a selection process to be conducted on behalf of the District by the Financial Advisor. The Bonds shall be dated their date of delivery (or such other date as may be designated in the Purchase Contract), to bear or accrete interest at rates not to exceed 12% per annum, payable with respect to any Bonds bearing current interest on the dates as may be set forth in the Purchase Contract, and accreting with respect to any Bonds which are issued as capital appreciation bonds, payable upon maturity or conversion, shall mature on August 1 of each of the years as set forth in the Purchase Contract, through a date no later than August 1, 2031, or otherwise upon such other terms and conditions as shall be established for the Bonds by the Purchase Contract. The form of Purchase Contract on file with the District Board is hereby approved and the Superintendent of the District (the "President"), the Chief Business Officer of the District, or any designee thereof (each, an "Authorized Officer"), and each of them is hereby authorized to execute the Purchase Contract, with such changes therein, deletions therefrom and modifications thereto as such Authorized Officer may approve, such approval to be conclusively evidenced by the execution and delivery thereof. The purchase price of the Bonds shall be no less than the par amount of the Bonds and shall reflect an Underwriter's discount, net of costs of issuance and the premium for a municipal bond insurance policy, if any, of not-to-exceed 1.5% (not including original issue discount) of the principal amount thereof. Final terms of the Bonds shall be as set forth in the Purchase Contract. The Underwriter may elect to purchase bond insurance to secure the payment of principal of and interest on or Accreted Value of the Bonds, or one series thereof, at its own option and expense.

Section 4. Official Statement. The District Board hereby approves the form of Preliminary Official Statement relating to the Bonds, on file with the Secretary of the District Board and to be used and distributed, together with an Official Statement in connection with the sale of the Bonds, in each case with such changes as are approved by the Authorized Officer, and such other officers of the District as may be authorized by the District Board are, and each of them acting alone hereby is, authorized to deliver copies of the Preliminary Official Statement and the Official Statement with such changes therein as such officer shall approve, in his or her discretion, as being in the best interests of the District. Upon approval of such changes by such officer, the Preliminary Official Statement shall be "deemed final" as of its date except for the omission of certain information as provided in and pursuant to Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 (the "Rule"). Any Authorized Officer is hereby authorized and directed to execute such Official Statement with such changes therein, deletions therefrom

and modifications thereto as such Authorized Officer may approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 5. Book-Entry System. The Bonds shall be issued in book-entry only form, to be lodged with The Depository Trust Company (“DTC”) in New York, New York, which shall be the registered owner of the Bonds issued at the closing in the form of a single certificated Bond for each maturity within a series of the Bonds described in the Purchase Contract. The Underwriters are directed to assist the District and the County in qualifying the Bonds for deposit with DTC.

Section 6. Paying Agent. Unless the Treasurer and Tax Collector of the County or an authorized deputy thereof (the “Treasurer”) shall appoint a commercial bank as paying agent in connection with the closing of the Bonds, the Treasurer shall serve as Paying Agent for the Bonds, the first annual fees for which shall be paid from proceeds of the Bonds; subsequent annual fees shall be paid by the District. The District Board hereby authorizes the Authorized Officer to execute a paying agent agreement, if required, for and on behalf of the District.

Section 7. Tax Covenants. The District hereby covenants that it shall not, directly or indirectly, use or permit the use of any proceeds of any of the Bonds, or of any of the property financed or refinanced with the proceeds of the Bonds, or other funds of the District, or take or omit to take any action that would cause the Bonds to be deemed “arbitrage bonds” within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended (the “Code”). To that end, the District shall comply with all requirements of Section 148 of the Code and all regulations of the United States Department of the Treasury promulgated thereunder to the extent that such requirements are in effect and applicable to the Bonds.

The District further covenants and agrees to comply with the requirements of the Tax Exemption Certificate to be executed and delivered in connection with the delivery of the Bonds to the original purchasers thereof.

Section 8. Due Authorization; Compliance with Law and the Constitution. The District Board determines that all acts and conditions necessary to be performed by the District Board or to have been met precedent to and in the issuing and sale of the Bonds in order to make them the legal, valid and binding general obligations of the District have been performed and have been met, or will at the time of delivery of the Bonds have been performed and met, in regular and due form as required by law; that the full faith and credit of the District are hereby pledged for the timely payment of the principal of and interest on the Bonds; and that no statutory or Constitutional limitation of indebtedness or taxation will have been exceeded in the issuance of the Bonds.

Section 9. Continuing Disclosure. The form of Continuing Disclosure Agreement on file with the District Board prepared in connection with the Bonds and to be dated the date of sale of the Bonds, for the benefit of the registered owners from time to time of the Bonds (the “Owners”) is hereby approved and the District Board hereby authorizes the Authorized Officer to execute such Continuing Disclosure Agreement with such changes therein as may be approved by the Authorized Officer. The District hereby covenants and agrees that it will comply with and carry out all of the provisions of such Continuing Disclosure Agreement in order to assist the

Underwriter to comply with the requirements of the Rule. Any registered owner of Bonds may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the District to comply with its obligations under this Section; however, noncompliance with this Section shall not constitute a default under or cause the acceleration of the Bonds.

Section 10. Debt Service Schedule. The Authorized Officer is hereby authorized and directed, in consultation with the Financial Advisor, to prepare an estimate of all payments of principal and interest which shall become due on the Bonds expected to be sold prior to the making of the tax levy for Fiscal Year 2006-07, and to cause the debt service schedule so prepared to be provided to the Treasurer and to the Auditor-Controller of the County of Los Angeles.

Section 11. Assistance of County. The County Board is hereby requested to assist the District in the issuance and sale of the Bonds; in order to meet the requirements of law and the procedures of the County with respect to such a request, the President of the District Board is hereby directed to lodge a certified copy of this Resolution with the Clerk of the County Board, together with distribution instructions, and with the Superintendent of Schools of the County promptly following adoption hereof, and the District represents and warrants to the County that annual administrative expenses associated with the Bonds at the time outstanding shall be the sole responsibility of the District and the District shall reimburse the County's costs and expenses incurred in connection with the issuance and sale of the Bonds. The Bonds are the general obligations of the District secured by tax levies and do not constitute an obligation of the County except as set forth in the resolution to be adopted by the County Board authorizing the issuance of the Bonds. The County will bear no responsibility for the acquisition, construction or installation of the project, or any part thereof.

Section 12. Authorized Officers. Officers of the District Board and District officials and staff are hereby authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all documents which they may deem necessary or advisable in order to proceed with the issuance of the Bonds and otherwise carry out, give effect to and comply with the terms and intent of this Resolution. Such actions as may have heretofore been taken by such officers, officials and staff are hereby ratified, confirmed and approved.

Section 13. Effective Date. This resolution shall take effect immediately upon its adoption.

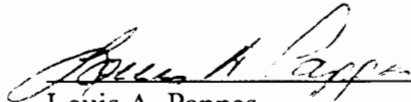
PASSED AND ADOPTED this 17th day of July, 2006 by the Governing Board of the Covina-Valley Unified School District of the County of Los Angeles, State of California, by the following vote:

AYES: MEMBERS: Hanes. Kemp. Knoll. Meister. Myrick

NOES: MEMBERS: None

ABSENT: MEMBERS: None

This is to certify that this is a true and correct copy of the resolution as adopted and approved at a regular meeting of the Governing Board of the Covina-Valley Unified School District.



Louis A. Pappas
Superintendent